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

ESSENTIAL VALUES FOR LIFE

Annual Report 2012

OUR ESSENTIAL VALUES FOR LIFE

Strong Brand Images

High Product Quality

High Affordability

Understanding of Consumer Needs

Cover Rationale

It's been a story of increasing success for the past 40 years, we're constantly committed to understanding and realizing consumer needs. Our brands cover the spectrum of needs and provide the best from local and international markets. At Yee Lee Corporation, we're part of your world, providing essential values for a perfect life.

CONTENTS

02 Notice of Fortieth Annual General Meeting
05 Statement Accompanying Notice of Fortieth Annual General Meeting
06 Corporate Information
07 Corporate Structure
08 Financial Highlights
10 Chairman's Statement
14 Corporate Social Responsibility
17 Directors' Profile
19 Audit Committee Report
23 Statement on Corporate Governance
33 Additional Compliance Information
34 Statement on Risk Management and Internal Control
36 Directors' Report
42 Independent Auditors' Report
44 Income Statements
45 Statements of Comprehensive Income
46 Statements of Financial Position
47 Statements of Changes in Equity
49 Statements of Cash Flows
52 Notes to the Financial Statements
125 Statement by Directors
125 Declaration by the Officer Primarily Responsible for the Financial Management of the Company
126 Analysis of Shareholdings
129 Top 10 Properties of the Group
Form of Proxy

NOTICE OF FORTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fortieth (40th) Annual General Meeting ("**AGM**") of Yee Lee Corporation Bhd ("**YLC**" or "**Company**") will be held at Pusing Hall, Level 3, Kinta Riverfront Hotel & Suites, B-1-1, Kinta Riverfront, Jalan Lim Bo Seng, 30000 Ipoh, Perak Darul Ridzuan on Thursday, June 27, 2013 at 11.00 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, 2012 and the Reports of the Directors and Auditors thereon. — **Please refer to Explanatory Note A**

2. To declare a first and final dividend of 0.5 sen per share, tax-exempt and 2.0 sen per share, less tax in respect of the financial year ended December 31, 2012. — **Resolution 1**

3. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2012. — **Resolution 2**

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

   (i) Dato' Lim A Heng @ Lim Kok Cheong — **Resolution 3**
   (ii) Chok Hooa @ Chok Yin Fatt — **Resolution 4**

5. To re-appoint the following Directors who retire in accordance with Section 129(6) of the Companies Act, 1965 and, to hold office until the conclusion of the next AGM of the Company:-

   (i) Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff — **Resolution 5**
   (ii) Thang Lai Sung — **Resolution 6**

6. To re-appoint Messrs. Deloitte KassimChan 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 Ordinary Resolutions and Special Resolution with or without modifications:-

7. Ordinary Resolution 1 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, the Articles of Association 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 issued share capital 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**

8. Ordinary Resolution 2 - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**")

Resolution 9

"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 June 4, 2013 subject to the followings:-

(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 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); 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. Ordinary Resolution 3 - Continuing in Office as Independent Non-Executive Directors

Resolution 10

(i) "THAT subject to the passing of Resolution 5, authority be and is hereby given to Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Resolution 11

(ii) "THAT authority be and is hereby given to Y.B. Mohd Adhan bin Kechik who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Resolution 12

(iii) "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 nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

10. Special Resolution - Proposed Amendments to the Company Articles of Association ("**Proposed Amendments**")

    "THAT the proposed amendments to the Articles of Association of the Company as set out in Part B of the Circular to Shareholders dated June 4, 2013 be and are hereby approved and adopted.

    AND THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full power to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

    Resolution 13

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 0.5 sen per share, tax-exempt and 2.0 sen per share, less 25% income tax in respect of the financial year ended December 31, 2012, subject to the approval of the shareholders at the 40th AGM will be paid on August 1, 2013 to Depositors whose names appear in the Record of Depositors at the close of business on July 18, 2013.

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 18, 2013 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

YAP SIN KHEONG (MIA 22814)
TAN BOON TING (MAICSA 7056136)
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 4, 2013

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 and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to 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.

(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 forty-eight (48) hours before the time appointed for holding the meeting.

(vi) Only a depositor whose name appears on the Record of Depositors as at June 20, 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

2. Explanatory Notes

(A) This agenda item is intended for discussion only as under Section 169(1) of the Companies Act, 1965, the Audited Financial Statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.

FOR SPECIAL BUSINESS

(B) (i) 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 issued share capital 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, the Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the last AGM held on June 27, 2012 and which will lapse at the conclusion of the forthcoming 40th AGM.

(ii) 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.

(iii) Continuing in Office as Independent Non-Executive Directors

Pursuant to the Malaysian Code of Corporate Governance 2012, the Board of Directors has via the Nomination Committee assessed the independence of Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Y.B. Mohd Adhan bin Kechik and Mr. Lee Kee Hong who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommend them to continue to act as Independent Non-Executive Directors of the Company.

The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independence, a director must be independent in character and judgment, independent of management and free from any relationships or circumstances as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), which are likely to affect or appear to affect their independent judgment. The Board thus concluded that the three (3) Directors' length of service does not interfere with their exercise of independent judgment and ability to act in the best interests of the Company and shareholders. In addition, the Board believes that their details knowledge of the Group's business and their proven commitment, experience and competence will greatly benefits the Company. The three (3) Directors concerned had declared their independence and their desire to continue to act as Independent Non-Executive Directors of the Company.

The proposed Resolutions 10, 11 and 12, if passed, will enable Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Y.B. Mohd Adhan bin Kechik and Mr. Lee Kee Hong to continue to act as Independent Non-Executive Directors of the Company.

(iv) The proposed Resolution 13, if passed, will enable the Company's Articles of Association to be aligned with the new Listing Requirements, prevailing statutory and regulatory requirements as well as to update the Articles of Association the Company, where relevant, to render consistency throughout.

Please refer to the Circular to Shareholders dated June 4, 2013 for further information on Resolutions 9 and 13.

STATEMENT ACCOMPANYING

NOTICE OF FORTIETH ANNUAL GENERAL MEETING

pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of individuals who are standing for election as Directors

No individual is seeking new election as a Director at the forthcoming 40th AGM of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, DSIS, DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Independent Non-Executive Director

Deputy Chairman
Group Managing Director
Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Executive Director

Group Chief Executive Officer
Lim Ee Young
Executive Director

Thang Lai Sung
Executive Director

Chok Hooa @ Chok Yin Fatt, PMP
Executive Director

Sow Yeng Chong
Non-Independent Non-Executive Director

Y.B. Mohd Adhan bin Kechik, SMK
Independent Non-Executive Director

Lee Kee Hong
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Y.B. Mohd Adhan bin Kechik

Members
Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff
Sow Yeng Chong
Lee Kee Hong

NOMINATION COMMITTEE

Chairman
Lee Kee Hong

Members
Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff
Y.B. Mohd Adhan bin Kechik

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt

Members
Y.B. Mohd Adhan bin Kechik
Lee Kee Hong

COMPANY SECRETARIES

Yap Sin Kheong (MIA 22814)
Tan Boon Ting (MAICSA 7056136)

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 Services Sdn Bhd (92781-X)
28-1, Jalan Tun Sambanthan 3, Brickfields,
50470 Kuala Lumpur.

Telephone number	:	03-22746133
Facsimile number	:	03-22741016

AUDITORS

Messrs. Deloitte KassimChan (AF 0080)
Chartered Accountants
87, Jalan Sultan Abdul Jalil,
30450 Ipoh, Perak Darul Ridzuan.

Telephone number	:	05-2531358
Facsimile number	:	05-2530090

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad

CORPORATE STRUCTURE

AS AT DECEMBER 31, 2012

FINANCIAL HIGHLIGHTS

	2012	2011	2010	2009	2008
INCOME STATEMENT (RM'000)					
Revenue	**699,775**	767,650	757,721	703,042	694,147
Profit before interest, taxes and depreciation	**45,726**	39,347	47,794	41,234	39,198
Profit before tax	**29,390**	21,456	31,833	26,714	22,821
Net profit attributable to shareholders of the Company	**22,027**	19,301	24,433	20,147	17,399
STATEMENT OF FINANCIAL POSITION (RM'000)					
Total assets[a]	**541,760**	556,724	552,252	497,245	418,528
Total liabilities[a]	**252,745**	286,918	298,885	264,857	236,971
Share capital	**87,793**	87,786	87,786	62,704	62,704
Total equity[a]	**289,015**	269,806	253,367	232,388	181,557
Borrowings	**121,750**	161,606	175,004	158,733	136,710
Deposits, cash and bank balances	**36,026**	27,653	29,266	31,581	14,485
Net cash generated from operating activities	**64,038**	35,370	18,672	18,482	60,744
Cash and cash equivalents	**26,385**	16,219	19,169	24,850	3,661
FINANCIAL INDICATORS					
Revenue growth (%)	**(8.84)**	1.31	7.78	1.28	36.67
Return on equity (%)	**7.62**	7.15	9.64	8.67	9.58
Net Debt to equity ratio (%)[b]	**29.66**	49.65	57.52	54.72	67.32
Basic earnings per share (sen)[c]	**12.55**	10.99	13.92	11.47	9.91
Net dividend paid per share (sen)	**1.88**	1.88	4.75	4.75	3.74
Net assets per share (RM)[c]	**1.65**	1.54	1.44	1.32	1.03
Interest cover (times)	**4.65**	3.60	5.01	4.57	3.17
Share price as at 31 Dec (RM)	**0.85**	0.84	0.92	1.39	0.97
Company market capitalisation (RM'000)	**149,248**	147,480	161,525	87,159	60,823

Notes:-

[a] The total assets, liabilities and equity in 2009 has been restated to be consistent with the Group's revaluation policy on properties upon adoption of the amendments to FRS 117 Leases.

[b] Based on net debt (being total borrowings less deposits, cash and cash equivalents) expressed as a percentage of total equity.

[c] The comparative basic earnings per share and net assets per share have been restated to take into account the effect of:
(i) bonus issue on the basis of one new ordinary share for every three existing ordinary share held in FY2010.
(ii) share split involving subdivision of every one existing ordinary share of RM1.00 each into two ordinary shares of RM0.50 each in FY2010.

Strong Brand Images

After 40 years in the market, our brand is synonymous with quality and value. It's what you should expect from a company with our heritage.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Yee Lee Corporation Bhd. for the financial year ended December 31, 2012.

FINANCIAL PERFORMANCE

I am pleased to announce that despite the tough economic conditions, the Group managed to perform well in this year with increase in pre-tax profit by 37.0% to RM29.39 million as compared to RM21.46 million the previous year. This was even achieved on the back of 8.8% decrease in revenue from RM767.65 million in 2011 to RM699.78 million. Profit attributable to shareholders was RM22.03 million (2011: RM19.30 million) translating to earnings per share of 12.55 sen (2011: 10.99 sen).

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 2.0 sen per share, less tax and 0.5 sen per share, tax exempt (2011: 2.5 sen per share, less tax) for the year ended December 31, 2012. The dividend, if approved, will be paid on August 1, 2013.

CORPORATE PROPOSAL

The shareholders of the Company had approved the implementation of the proposed Executives' Share Option Scheme ("ESOS") at the Extraordinary General Meeting held on June 27, 2012. An initial grant of 4,258,000 share options under this scheme was offered to the eligible Directors and executive employees of the Group on August 17, 2012, of which 4,072,500 share options were duly accepted. The salient features of the ESOS are disclosed in Note 32 to the financial statements.

REVIEW OF OPERATIONS

MANUFACTURING

Packaging Division

Our Group packaging division comprises of aerosol can division and corrugated carton boxes division. Despite the adverse market conditions and intense price competition especially from China competitors, the division managed to achieve 5.1% sales growth in this year. Pre-tax profit improved significantly with double-digit growth of 39.9% from RM15.72 million in 2011 to RM21.99 million this year with majority contributed from aerosol can division. Both aerosol can division in local and Vietnam performed well in 2012. The on-going drives for greater operation efficiency and waste reduction through upgrading of machineries have enhanced the competitiveness of the aerosol can division. The construction of a new factory building for aerosol can division in Vietnam is expected to be completed by end of 2013. With the new factory building, the division will have larger space to cater for its expansion.

The corrugated carton division recorded lower revenue of RM24.11 million in this year as compared to RM25.57 million in 2011. This has resulted in the division's pre-tax profit to decline by 10.6%. With the new printing line being in place, the division is targeting for new premium market segments which demand for high quality printed colourful carton boxes.

Palm Oil Refinery and Mill Division

Year 2012 was a challenging year for Malaysian oil palm industry. Average price of crude palm oil ("CPO") for the year was RM2,762 per MT, lower by 14.1% as compared to RM3,219 per MT in 2011. The bearish CPO sentiments were arising from persistent Euro-zone financial crisis, cooling off of China's economy and the export duty structure in Indonesia. The continued concerns over the high level of CPO stock level in Malaysia, reaching its highest of 2.63 million MT in December 2012 was also weighing down the CPO price. The average price of palm kernel also dropped significantly by RM684 per MT or 31.0% to RM1,522 per MT from RM2,206 per MT in previous year due to weaker world lauric oil prices. As a result of the plunging CPO and palm kernel prices, the division recorded a drop in revenue by 18.3% from RM107.54 million in 2011 to RM87.88 million in this year. The revenue was also affected by lower sales of bulk oils. Our production of CPO and palm kernel have slightly dropped by 0.6% and 0.1% respectively in this year arising from lower oil extraction rate ("OER") and kernel extraction rate ("KER") by 1.9% and 1.4% respectively. However, the division managed to lower its losses from RM3.55 million in 2011 to RM2.80 million through recovery of profit margin from our palm oil refinery with higher margin of FOB olein over CPO price and better selling price of RBD palm stearin.

The Government had introduced a flexible CPO export tax structure effective January 1, 2013 followed by the abolishment of duty free CPO export quotas to enhance the long-term competitiveness of local palm oil industry in the world market. However, the Malaysian palm oil refineries are still awaiting the Authorities to revise the control ceiling price of palm based cooking oils to cover the increase in packaging and production cost over the years as the control ceiling price has not been revised since the implementation of the subsidy scheme in 1997.

TRADING

Trading Division

Amid the challenging global economic conditions, the Malaysian economy remained resilient driven by strong domestic demand. The rising disposable income and initiatives introduced by the Government such as the BR1M scheme have helped the consumer sentiments to stay positive and provide a boost in domestic demand. Together with aggressive marketing strategies, the trading division was able to substantially increase the sales of bottled water especially the new launching of 6 litre and 9.5 litre bottled water and Campbell and Red Bull products. However, the discontinuance of distributing Dutch Lady products in the middle of year 2011 and Procter and Gamble products in this year had resulted in overall trading division's revenue dropped by 10.6% from RM522.07 million in 2011 to RM466.75 million this year. Despite the drop in revenue, the division's pre-tax profit was higher by 26.2% as compared to previous year through higher sales from existing and new products portfolio with better profit margin. Throughout the year, the division continued to strengthen its products portfolio by securing several new distributorships such as Reckitt Benckiser and BIC to boost its revenue. In view of the rising distribution cost, the trading division has initiated several internal programmes to further improve on the delivery efficiency, coverage point, effectiveness of advertisement and promotion campaigns and cost controls in order to be competitive to drive sales and sustain its profit margin.

PLANTATION

Plantation Division

The plantation division comprises of two oil palm estates in Tapah and Gopeng and a tea plantation in Kampung Nalapak, Sabah. Currently, all the FFB is supplied to our own palm oil mill in Bidor.

Despite the increase in production of FFB by 10.7%, the oil palm plantation recorded lower pre-tax profit of RM1.18 million in this year as compared to RM1.41 million in 2011. This was mainly due to lower selling price of FFB arising from decrease in CPO price. The oil palm plantation will continue to focus on estate operation management aspects such as proper maintenance and treatment of oil palm trees, fertilizer

application, efficient harvesting to further enhance on its yield and the quality of FFB produced.

Following the aggressive 66.8% sales growth in 2011, the sales of tea was notably slow in 2012. The tea plantation recorded a decline in sales by 31.4% resulted in achieving a pre-tax loss of RM0.91 million in this year as compared to pre-tax profit of RM0.80 million in 2011. The tea plantation continued to receive good response with number of visitors grew by 11.2%. This has created the opportunity for the tea plantation to promote and create brand awareness among visitors of our tea quality. New products such as the 3 in 1 Milk Tea and varieties of Flavoured Tea were launched during the year to offer consumers with wider choice of different taste. This will enable the tea plantation to capture new market segments and enhance on its revenue.

Future Prospects

In view of the uncertainties in the global economy coupled with intense competition in domestic market, the Board expects the economic and market conditions in year 2013 to remain challenging. Operational costs will gradually increase with the implementation of minimum wages, which will have an adverse impact on the Group's profit margin especially on the plantation division. The Group will continue to focus on internal improvement whilst exploring for business opportunity and expansion to drive growth. In order to improve on the Group's asset utilisation as well as to provide a steady positive cashflow in the future, the Group is currently exploring the feasibility of developing a piece of undeveloped land in Sabah into oil palm plantation.

In line with the Government Economic Transformation Programme to increase the OER to 23 percent by 2020, our palm oil mill has taken steps to improve the mill efficiency and continue to enforce strict quality control over the FFB supplies. Barring any adverse weather conditions affecting the quality of FFB supplies, the palm oil mill is expecting to improve on its OER. Together with the stabilisation of the CPO prices, the palm oil refinery and mill division is expecting to turnaround in 2013.

Notably, the contribution from the associated company, Spritzer Bhd has increased substantially by 65.4%. Judging by its current performance and growth momentum, the Board expects Spritzer Bhd will continue to contribute positively to the Group's bottom line.

Acknowledgement

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

Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff
Chairman

High Product Quality & Affordability

We pay great attention to the quality of products we choose, ensuring that our consumers' get the best of what they pay for.

CORPORATE SOCIAL RESPONSIBILITY

11TH JANUARY 2012

Donations in Kind to the Needy Families and Elderly People

This campaign was organized by Rangjung Yeshe Dharma Society Perak (RYDSP) to bring festive joy to the 350 needy families in and around Ipoh during Chinese New Year. The campaign raised a total amount of RM1,500.00.

28TH MARCH 2012, 7TH APRIL 2012, 14TH APRIL 2012

School Dental Health Camp

Held at three different schools, SM Raja Perempuan Taayah Ipoh, ACS Ipoh and Kindergarten, SK & SM Tarbiah Ipoh in order to promote the importance of good oral care practice. Yee Lee sponsored MorningKiss products in kind worth RM5,000.00 for this campaign.

26TH MAY 2012

Charity Car Wash

The event was organized by Yee Lee Recreation and Sports Club at Yee Lee HQ, Ipoh, with the objective of raising funds for charity. A total amount of RM635.00 was achieved.

30TH JUNE 2012

Recycle Day

Held at Yee Lee HQ, Ipoh, it was organized by Yee Lee Recreation and Sports Club in order to advocate the importance of recycling. A total amount of RM1,264.50 was raised during this event.

25TH AUGUST 2012

Charity Visit to Hannah Private Home (Orphanage House)

Yee Lee Recreation and Sports Club lent a helping hand to the residents of Hannah Private Home. RM650.00 worth of products were given to assist the children in need.

25TH AUGUST 2012

Donation of Ear Thermometers to St. John Ambulans Malaysia (Perak)

Yee Lee supported the St. John Ambulans Malaysia (Perak) by donating 150 units of ear thermometers to help the people in need.

9TH SEPTEMBER 2012

Poi Lam High School Ipoh Food Fair & 57th School Anniversary

Yee Lee once again supported Poi Lam High School's Food Fair and it's 57th School Anniversary. Over 180 stalls participating in the campaign. A huge amount of RM550,000.00 was raised for school facility upgrade and continuing education.

13TH- 14TH OCTOBER 2012

Relay for Life 2012

A high-spirited campaign to encourage cancer survivors and remember loved ones lost to the disease attracted over a thousand people, and raised RM120,000.00.

28TH OCTOBER 2012

National Stroke Association of Malaysia (NASAM) World Stroke Day 2012 "Walk for Health"

Yee Lee participated and sponsored bottles of Spritzer Mineral Water during the NASAM World Stroke Day 2012 "Walk for Health".

10TH NOVEMBER 2012

Blood Test, Blood Donation and Health Screening

Yee Lee Recreation and Sports Club joined forces with Hospital Raja Permaisuri Bainun Ipoh and Pantai Hospital Ipoh to organize blood test, blood donation and health screenings in order to give support to the blood bank and build up health awareness amongst employees.

22ND NOVEMBER 2012

Jamuan Teh Malaysia 2012

The year's Jamuan Teh Malaysia attracted 40 participants and raised RM375.00 for the National Cancer Society Malaysia (NCSM) and Breast Cancer Welfare Association Malaysia (BCWA).

Understanding of Consumer Needs

Success comes when one truly understands the needs of their consumers. It's in our best interest to ensure that we continually provide products to the market that are suitable and that provide value.

DIRECTORS' PROFILE

Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, DSIS, DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Independent Non-Executive Chairman

Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, aged 77, a Malaysian and was appointed to the Board on March 2, 1993. He is a qualified Professional Chartered Town Planner and a Professional Landscape Architect from University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993. He is a Fellow of the Royal Town Planning Institute London, Fellow of Malaysian Institute of Planners and Fellow of Institute of Landscape Architects Malaysia.

He had served in various State and Federal Governments before retiring in 1993. He was a member of the Advisory Board of the City of Kuala Lumpur (Dewan Bandaraya Kuala Lumpur) until December 2004. Over the years and through his involvement as a director of several public listed companies, he has accumulated vast experiences in various sectors namely, property and housing development, hotel management, banking and finance and expressway management.

He was a director of Public Bank Berhad, Public Investment Bank Bhd and Public Islamic Bank Bhd.

Currently, he is a director of Public Mutual Bhd. He is also a member of the Audit Committee and Nomination Committee of the Company.

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Deputy Chairman
Group Managing Director

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP aged 68, 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 42 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia and Perak Chinese Chamber of Commerce and Industry; Honorary President of Perak Basketball Association and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of The Federation of Hokkien Associations of Malaysia and The Perak Hock Kean Association. He is the Chairman of Spritzer Bhd and a director of other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd.

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 Chief Executive Officer

Lim Ee Young, aged 41, a Malaysian and was appointed to the Board on December 3, 2002. 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 has been promoted to Group Chief Executive Officer of the Company with effect from March 1, 2011.

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.

Thang Lai Sung
Executive Director

Thang Lai Sung, aged 75, 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 36 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 is 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 Secretary-General 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

Chok Hooa @ Chok Yin Fatt, PMP
Executive Director

Chok Yin Fatt, aged 66, 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. He is also the Chairman of the Remuneration Committee of the Company.

Y.B. Mohd Adhan bin Kechik, SMK
Independent Non-Executive Director

Y.B. Mohd Adhan bin Kechik, aged 58, 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 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 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 65, 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 56, 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 Davies & 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, a member of the Malaysian Institute of Accountants and a certified member of the Financial Planning Association of Malaysia. He is also a member of the Audit Committee of the Company.

Note:-
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted for any offence within the past ten years. Other than the permitted recurrent related party transactions as disclosed in the Circular to Shareholders dated June 4, 2013, none of the Directors have any conflict of interest with the Company.

AUDIT COMMITTEE REPORT

COMPOSITION

The Board is pleased to present the Report of the Audit Committee for the financial year ended December 31, 2012 in accordance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirement**") ("**Bursa Securities**").

The Audit Committee comprises four (4) members of the Board of which all are Non-Executive Directors with majority of them being Independent Directors. They are as follows:-

Chairman

Y.B. Mohd Adhan bin Kechik
Independent Non-Executive Director

Members

Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff
Independent Non-Executive Chairman

Sow Yeng Chong
Non-Independent Non-Executive Director

Lee Kee Hong
Independent Non-Executive Director

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors ("**Board**") from amongst their members and shall compose of no fewer than three members. At least one member of the Audit Committee:-

(i) must be a member of the Malaysian Institute of Accountants; or
(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
  (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
(iii) fulfills such other requirements as prescribed or approved by Bursa Securities.

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.

No alternate director shall be appointed as a member of the Audit Committee.

All members of the Audit Committee including the Chairman will hold office only as long as they serve as directors of the Company. Should any member of the Audit Committee cease to be a director of the Company, his membership in the Audit Committee would cease forthwith.

The members of the Audit Committee shall elect a Chairman from amongst their number who is an independent director.

Membership (Cont'd)

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three years, to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

If a member of the Audit Committee ceases to be a member resulting in the number being reduced to less than three, the Board shall within three months of that event, appoint such new members to make up the minimum number.

Duties and Responsibilities

All the Audit Committee members are able to effectively discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee and to support the Board for ensuring Corporate Governance of the Group which include the following:-

(i) Financial Reporting
Review and recommend the quarterly results and annual financial statements, prior to the approval by the Board, focusing particularly on:-
- changes in or implementation of major accounting policies and practices;
- significant and unusual events;
- compliance with accounting standards and other legal requirements; and
- the going concern assumption.

(ii) Internal Auditor
- review the adequacy of the scope, functions, competency and resources of the internal audit functions; and
- review the internal audit plan, audit reports and follow up on the recommendations contained in such reports.

(iii) External Auditor
- review the external auditors' audit plan, scope of their audits and audit reports;
- review with the external auditors, their evaluation of the system of internal controls; and
- review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.

(iv) Related Party Transactions
- review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity within the Group.

(v) Executives' Share Option Scheme
- review and verify the allocation of options pursuant to the Company's Executives' Share Option Scheme is comply with the criteria of allocation.

(vi) Other Matters
- assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies; and
- perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.

Authority

The Audit Committee shall have the authority to:-

(i) obtain the necessary resources required to perform its duties.

(ii) have full and unrestricted access to any information and documents relevant to its activities. All employees of the Group are required to comply and co-operate with any request made by the Audit Committee.

(iii) convene meetings with the external auditors, the internal auditors or both without the presence of Executive Director, Management or other employees of the Group, unless specifically invited by the Audit Committee. Meetings with the external auditors are held as and when necessary, and at least twice a year.

(iv) seek independent professional advice as it considers necessary.

Meetings

The Audit Committee shall meet at least four times annually and additional meetings may be called at any time at the Chairman's discretion. An agenda shall be sent to all members of the Audit Committee and any persons that may be invited to attend. The External and Internal Auditors and other members of senior management will be invited to attend these meetings upon invitation by the Chairman of the Audit Committee. The Company Secretary shall record, prepare and circulate the minutes of meetings and ensure that the minutes are properly kept.

The Audit Committee held four meetings during the financial year ended December 31, 2012. The attendance of the Audit Committee members is as follows:-

Audit Committee Members	Attendance
Y.B. Mohd Adhan bin Kechik	4/4
Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	4/4
Sow Yeng Chong	4/4
Lee Kee Hong	4/4

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee carried out the following activities:-

(i) reviewed and approved the Internal Audit Plan, strategy and scope of work.

(ii) reviewed the internal and external auditors' reports and considered the major findings by the auditors and management responses thereto.

(iii) reviewed the Audit Planning Memorandum of the external auditors prior to the commencement of their audit engagement.

(iv) reviewed the unaudited quarterly financial results and audited financial statements of the Company and of the Group prior to the submission to the Board for approval.

SUMMARY OF ACTIVITIES (Cont'd)

(v) reviewed the recurrent related party transactions entered into by the Company and 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.

(vi) reviewed and verified that the allocation of options pursuant to the Company's Executives' Share Option Scheme is in compliance with the criteria for allocation of options as disclosed to the employees of the Company.

SUMMARY OF ACTIVITIES 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 its annual internal audit plan and 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 systems;
- independent assessment and systematic review of the operational efficiency of the Group members;
- identifying and evaluating potential risk areas;
- assessing the reliability of systems and the reported information; and
- ensuring compliance with the Group's policies/guidelines and with legislation.

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 & housekeeping, risk management, internal quality pertaining to ISO 9001:2008 compliance and HACCP audit. 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 Audit Committee for appraisal and review.

The internal audit function is performed in-house with selected areas being outsourced, but within supervision of the in-house Head of GIAD. The total cost incurred for both in-house and outsourced internal audit function had amounted to RM260,000.00 and RM45,000.00 respectively for the financial year ended December 31, 2012

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of Yee Lee Corporation Bhd ("**Company**") acknowledges the importance of practising good corporate governance and strives to adopt the principles and recommendations of corporate governance throughout the Group in the manner prescribed by the Malaysian Code on Corporate Governance 2012 ("**MCCG 2012**") and Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("**Listing Requirements**").

Set out below is a statement of how the Group has applied principles of good governance and the extent of the Group's compliance with the recommendations of the MCCG 2012:-

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Group continues to be led and managed by an effective Board with wide and varied technical, financial and commercial experience. The Board is ultimately responsible for the stewardship of the Company and its Group. However, the Board does not actively manage but rather oversees the management of the Group which is delegated to the Group Managing Director, Group Chief Executive Officer, Executive Directors and other officers of the Group.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion on the Executive Directors, representing the Management, as well as to properly constituted Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. The Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in the terms of reference and to report to the Board. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board.

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.

In addition, the Board is guided by the documented and approved Board Charter which sets out the roles, functions, authority, responsibilities, membership and operation of the Board. Key matters reserved for the Board's approval includes:-

- Appointment of the Chairman;
- Appointment and removal of the Managing Director;
- Appointment of directors to fill a vacancy or as additional directors;
- Establishment of Board Committees, their membership, duties and delegated authorities;
- Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- Approval of capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
- Calling of meetings of shareholders; and
- Any other specific matters nominated by the Board from time to time.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Clear Roles and Responsibilities

The Board provides stewardship to the Group's strategic direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board is primarily responsible for:-

- input into and final approval of management development of corporate strategy, including setting performance objectives;
- monitoring corporate performance;
- approving major capital expenditure, acquisitions and divestitures, and monitoring capital management;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting with the guidance of the Audit Committee;
- reviewing, ratifying and monitoring systems of risk management and internal control under the guidance of the Audit Committee;
- selecting, appointing and evaluating from time to time the performance of, and planning succession of the Managing Director under the guidance of the Nominating Committee;
- reviewing and approving remuneration of the Managing Director, Executive Directors and the Non-Executive Directors under the guidance of the Remuneration Committee;
- monitoring Board composition, processes and performance with the guidance of the Nominating Committee; and
- performing such other functions as are prescribed by law or are assigned to the Board.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board Committee, a Director, employee or other person subject to ultimate responsibility of the Directors.

1.3 Formalised Ethical Standards through Code of Ethics

The Company's Codes of Ethics are set out in the Company's Employee Handbook, which covers all aspects of the Company's business operations.

1.4 Strategies Promoting Sustainability

The Group is committed to sustainability development. Employees' welfare, responsibility to the market place, environment as well as community responsibilities are integral to the way in which the Group conducts its business. Report on such activities is set out in its Corporate Social Responsibility on pages 14 and 15 of the Annual Report.

1.5 Access to Information and Advice

The Directors have the right to access all information pertaining to the Group for the purpose of discharging their duties. The Board is provided with an agenda, reports and other relevant information prior to 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 Secretary. 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. Every Director has unhindered access to the advice and services of the Company Secretary to assist them in carrying out their duties.

In addition, the Directors, collectively and individually, may seek independent professional advice and information in the furtherance of their duties at the cost of the Company.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.6 Qualified and Competent Company Secretary

The Company Secretary plays 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.

The Directors are regularly updated by the Company Secretary on new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company. The Company Secretary attends all board meetings and ensures that accurate and adequate records of the proceedings of board meetings and decisions made are properly kept.

1.7 Board Charter

The Company's Board Charter sets out the role, functions, authority, responsibilities, membership and operation of the Board of Directors of the Company and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members.

The Board will review the Board Charter on a yearly basis and update its 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.

2. STRENGTHEN COMPOSITION

2.1 Nomination Committee

The Nomination Committee has three members comprising exclusively Non-Executive Directors, all of whom are Independent Directors.

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing the required mix of skills and experience of the Directors.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

(a) Recruitment or New Appointment of Directors

The Board has empowered the Nomination Committee to consider and make recommendations to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board.

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.

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.

2. STRENGTHEN COMPOSITION (CONT'D)

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

(b) Gender Diversity Policy

The Board has no immediate plans to implement a gender diversity policy. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. The Board will, nevertheless, give consideration to the gender diversity objectives.

(c) Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by shareholders at the first annual general meeting after their appointments. The Articles also provide that one third of the remaining Directors be subject to re-election by rotation at each annual general meeting provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

Directors who are of or over the age of seventy years shall retire at the conclusion of the next annual general meeting unless they are re-appointed as Directors in accordance with Section 129(6) of the Companies Act, 1965 ("**Act**"). Presently, there are two Directors of the Company, namely Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff and Mr. Thang Lai Sung who are subject to such retirement and re-appointment.

(d) Annual Assessment

Meetings of the Nomination Committee are held as and when required, and at least once a year. The Members met twice in the financial year ended December 31, 2012.

Nomination Committee conducted its annual appraisal on the effectiveness of the Board, its Committees and the contribution of each director. 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.

2.3 Directors' Remuneration

The Remuneration Committee has three members comprising two Independent Non-Executive Directors and one 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 retain Directors of the quality required to manage the business of the Group.

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Directors' Remuneration (Cont'd)

The current remuneration policy for the Non-Executive Directors comprises of Directors' Fees which required shareholders' approval and meeting allowance, based on the number of meetings they attending for a year.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once in the financial year ended December 31, 2012.

The details of the remuneration for the Directors of the Company paid or payable by the Company and its subsidiary companies for the financial year under review are as follows:-

	Salaries RM'000	Fees RM'000	Bonus RM'000	Equity-Settled Share Based Payments RM'000	Others RM'000	Total RM'000
Executive Directors	1,654	127	364	127	114	2,386
Non-Executive Directors	-	62	-	36	32	130

Directors' remuneration are broadly categorised into the following bands:-

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	4
RM250,001 to RM300,000	1	-
RM500,001 to RM550,000	1	-
RM650,001 to RM700,000	1	-
RM900,001 to RM950,000	1	

Directors' fees are subject to the approval by shareholders at the forthcoming 40th Annual General Meeting of the Company.

3. REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Board, through the Nomination Committee, assesses the independence of Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performances.

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.

3. REINFORCE INDEPENDENCE (CONT'D)

3.2 Tenure of Independent Directors

One of the recommendation of the MCCG 2012 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, the Nomination Committee and the Board have determined at the annual assessment carried out that Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Y.B. Mohd Adhan bin Kechik and Mr. Lee Kee Hong, who have served on the Board for a cumulative term of more than nine (9) years, remains objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgment and ability to act in the best interests of the Company.

3.3 Shareholders' Approval for the Continuance in Office as Independent Non-Executive Directors

The Board on the review and recommendation made by the Nomination Committee, is unanimous in its opinion that the three (3) Independent Directors, namely Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Y.B. Mohd Adhan bin Kechik and Mr. Lee Kee Hong who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, have fulfilled the criteria under the definition of an Independent Director as set out under Paragraph 1.01 of the Listing Requirements.

The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. Thus, the Board would recommend to the shareholders for approval at the forthcoming 40th AGM for Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Y.B. Mohd Adhan bin Kechik and Mr. Lee Kee Hong to continue acting as Independent Directors of the Company.

3.4 Separation of positions of the Chairman and Group Managing Director

The roles and responsibilities of the Chairman and Group Managing Director are separated to ensure balance of authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director has the overall responsibilities over organisational effectiveness and the implementation of Board policies and decisions.

3.5 Composition

The Group is led by an effective Board with wide and varied technical, financial and commercial experience. The Board currently has eight members, comprising four Executive Directors and four Non-Executive Directors of whom three are independent. The role of Chairman is held by an Independent Non-Executive Director. This Board composition complies with the Listing Requirements to have at least one third of the Board consisting of Independent Directors.

The Board meetings are presided by the Chairman. The Executive Directors are generally responsible for making and implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of management and free from any business relationship which could materially interfere with their independent judgment. Their presence ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated with their judgment.

3. REINFORCE INDEPENDENCE (CONT'D)

3.5 Composition (Cont'd)

The Board is satisfied with the existing number and composition of the Directors which fairly reflects the investment of minority shareholders in the Company.

The profile of each Director is presented on pages 17 and 18 of the Annual Report.

4. FOSTER COMMITMENT

4.1 Time Commitment

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

During the financial year ended December 31, 2012, four Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	4/4
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
Y.B. Mohd Adhan bin Kechik	4/4
Lee Kee Hong	4/4
Sow Yeng Chong	4/4

4.2 Directors' Training

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.

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.

4. FOSTER COMMITMENT (CONT'D)

4.2 Directors' Training (Cont'd)

All the Directors have attended development and training programmes during the year. The conferences, workshops seminars and training programmes attended by the Directors, collectively or individually were as follows:-

- Key Amendments to Listing Requirements and Corporate Disclosure Guide – 2011
- Global Market Outlook - What to expect for the Dragon year 2012
- Carving out the Economic Architecture in the year of the Dragon
- Trade Settlement in Renminbi
- MAICSA Annual Conference 2012 - Moving Forward : Changing Perspectives
- FMM National Manufacturing Conference 2012
- Business Value Creation & Exit Success
- Update on World Economy & Malaysia and Tips on Stock Investment
- Building High Performance Team
- Copycat Innovation
- The Exponential Function - A Catalyst for Leadership Insight
- Talent Management - Fonterra Experience
- (i) Walking with Tigers; (ii) Online Marketing Toward 2013 and Beyond; (iii) Employee Engagement to the Power of 3; and (iv) Role of DNA Profiling in Healthy Aging and Healthy Living
- User Interface, Financial Architecture, General Ledger Setup
- Tax Environment, Multi-Currencies, Accounts Payable
- General Ledger Processing, Period End, Financial Reporting
- Corporate Disclosure Guide for PLC Company Secretaries
- Private Retirement Scheme
- Board's Role in Governance & Audit Committee Oversight Responsibilities - Passion Beyond Numbers
- Role of the Audit Committee in Assuring Audit Quality

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and meaningful assessment of the financial performance and prospects of the Company via all disclosures and announcements made. The Board is assisted by the Audit Committee to oversee and scrutinise the process and quality of the financial reporting includes reviewing and monitoring of the integrity of the financial statements and the appropriateness of the Company's accounting policies to ensure accuracy, adequacy and completeness of the report, as well as in compliance with the relevant accounting standards.

The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and the Group is set on page 32 of the Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

The Company maintains a professional and transparent relationship with the internal auditors in seeking their professional advice on the Group's system of internal controls and with the external auditors in ensuring compliance with the accounting standards. The Audit Committee has explicit authority to communicate directly with internal and external auditors.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 19 to 22 of the Annual Report.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The Board with the assistance of the Group Risk Management Department has established processes for identifying, assessing, evaluating and managing the significant risks faced by the core business of the Group. The outcome of the process is reviewed by the Board and is guided by the Statement on Risk Management and Internal Control as set out on pages 34 and 35 of the Annual Report.

6.2 Internal Control Function

The internal audit function is managed by the Group Internal Audit Department. The Audit Committee reviews and approves the internal audit plan, which is developed based on the major operating units and key risk areas of the Group. Audit reviews were carried out on quarterly basis and audit findings were reported to the Audit Committee. Further details of the activities of the internal audit function are set out in the Audit Committee Report on pages 19 to 22 of the Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Board acknowledges that timely, complete and accurate disclosure is important to an orderly and fair market for the trading of securities. In that respect, the Company is guided by the Corporate Disclosure Guide issued by Bursa Securities on September, 22 2011 and the Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis. The Board ensures that confidential information is handled properly by authorised personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities' and the Company's websites at http://www.bursamalaysia.com and http://www.yeelee.com.my respectively and it is accessible by public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

The Board regards the Annual General Meeting ("**AGM**") and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. The Board takes cognisance in serving longer than the required minimum notice period for AGMs, when possible. The Chairman together with the Group Managing Director ensure that the Board is accessible to shareholders and an open channel of communication is cultivated. The Board has ensured that an explanatory statement will accompany each item of special business included in the notice of meeting on the effects of the proposed resolutions. Each shareholder can vote in person or by appointing a proxy/proxies to attend and vote on his behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS (CONT'D)

8.2 Encourage Poll Voting

Recommendation 8.2 of the MCCG 2012 recommends that the Board should encourage poll voting for substantive resolutions at the general meetings. The Chairman would ensure that shareholders were informed of their rights to demand a poll vote at the commencement of the AGM.

The Board will evaluate the feasibility of carrying out electronic polling at its general meetings in future.

8.3 Effective communication and proactive engagement

At the 39th AGM, Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors, Management and external auditors were in attendance to respond to the shareholders' queries.

The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their queries are responded in a proper and systematic manner.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has in year 2012 complied with the principles and recommendations of the MCCG 2012 except where it was specifically stated otherwise.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to prepare the financial statements for each financial year which give a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows for that year. The Directors consider that in preparing the financial statements for the financial year ended December 31, 2012, the Company and the Group have adopted applicable approved Financial Reporting Standards in Malaysia, which are consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group to enable them to ensure that the financial statements are drawn up in accordance with the provisions of the Act. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated April 11, 2013.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

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

   The Company did not raise any funds from any corporate proposals during the financial year.

2. **Share Buy-Back**

   No share buy-back scheme was in place during the financial year.

3. **Options, Warrants or Convertible Securities**

   The details of options issued during the financial year are disclosed in the Directors' Report and Note 32 to the financial statements.

   The Company did not issue any warrants or convertible securities during the financial year.

4. **Depository Receipt Programme**

   The Company did not sponsor any Depository Receipt Programme during the financial year.

5. **Sanctions and/or Penalties**

   There were no material sanctions and/or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year.

6. **Non-Audit Fees**

   There are no non-audit fees paid/payable to the Company's auditors during the year. However, a total amount of RM68,350 was paid to its affiliated company for corparate tax compliance.

7. **Variation in Results**

   There was no variance between the financial results in the Annual Audited Financial Statements 2012 and the unaudited financial results for the year ended December 31, 2012, previously released.

8. **Profit Guarantee**

   There was no profit guarantee given by the Company during the financial year.

9. **Material Contracts**

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("**Board**") recognises that internal controls are an integral part of managing risks in an effort to achieve corporate objectives. As such, the Board is committed to fulfilling its responsibility of maintaining a sound system of internal control in the Group in accordance with the Principles and Best Practices provision in relation to internal controls as stipulated in the Malaysian Code on Corporate Governance. The Board of Yee Lee Corporation Bhd. is pleased to provide the following Internal Control Statement pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").

Board Responsibilities

The Board has overall responsibility for the Group's system of internal control and its effectiveness. The internal control systems are subjected to regular evaluations on their adequacy and integrity by the management. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute assurance against material misstatement or loss. Accompanying these regular reviews and evaluations of internal control systems is an ongoing 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".

Enterprise Risk Management Framework

The Group adopts a structured and integrated approach in managing key business risk in line with the risk management framework and best practices. The risk management framework is established to identify, assess, evaluate and manage principal risks of the Group to ensure proper management of the risks that may impede the achievement of the Group's objectives. Following the risk management framework, the management with the involvement of the key personnel is responsible for creating a risk-aware culture and has outlined the risk profiles for major business activities. These risk profiles have identified the principal risks, the accompanying controls in place to manage the risks and management action plans to further mitigate such risks.

The Risk Management Department plays a pivotal role in assisting the members of the Group to have a good understanding of the various risks affecting their companies, and enable them to manage a risk once it has been identified and defined. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. The Group's risk management framework provides for regular review and reporting. The reports include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. Such reports are compiled by the Risk Assessor and presented by him to the Group Risk Management Advisory Committee.

The Group Risk Management Advisory Committee will provide direction and counsel to the risk management process, evaluate and approve actions to mitigate key risks, and advising the Board on risk related matters. The Audit Committee will review a summary of significant risks being submitted by the Risk Management Department. It monitors the effectiveness of the Group's risk management system, and advises the Board accordingly.

Internal Audit Function

The Group Internal Audit Department (GIAD) is constantly upgrading its audit approach, maintaining a competent audit team and expanding its scope to encompass risk-based plans. The internal audit plan had been developed not only to identify weaknesses in policies, practices and controls, but in response to changes in the organization risks. This will enable the Group Internal Auditor to provide the Audit Committee with an overview of the audit strategy, audit timing, significant risks identified, their impact, and mitigation plans in the form of corrective measures and preventive actions. To remain relevant and best serve the organizational needs, the internal audit team has shifted its attention to risk-based audit and focus on effective risk management practices which has becoming more important in view of global economic uncertainty, rapidly changing technology and environment factors, and increasing regulatory compliance.

The GIAD's 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 the appropriate audit recommendations would be discussed and reported to the management for corrective/preventive actions. This is to improve operations, enable accurate reporting, proper safeguarding of assets and promoting economic yet effective utilisation of resources. Significant findings and corrective measures in respect of any non-compliance are highlighted to the Audit Committee. The GIAD had continued to increase its workforce, and is committed in giving value-added services to the Group and performing the audit function in accordance with the International Professional Practices Framework on Internal Auditing.

The Group will consider engaging a local professional services firm to support the existing internal audit function when the need arises based on the audit plan being recommended by the Group Internal Auditor and approval by the Audit Committee.

Review of Effectiveness

For the year under review and up to the date of issuance of the financial statements, the Board is of the view that the system of internal controls and risk management is sufficient and effective to safeguard the Group's interest and business operations.

Review of the Statement by External Auditors

This Internal Control Statement has been reviewed by the External Auditors for inclusion in the Annual Report of the Group for the financial year ended December 31, 2012 in accordance with Paragraph 15.23 of the Listing Requirements.

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, 2012.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit for the year attributable to owners of the Company	22,027	4,191

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

A first and final dividend of 2.5 sen per share, less tax, 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 2.0 sen per share, less tax and 0.5 sen per share, tax-exempt, in respect of the current financial year. This 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.

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 increased its issued and paid-up ordinary share capital during the financial year by the issuance of 15,000 new ordinary shares of RM0.50 each pursuant to the exercise of Executives' Share Option Scheme of the Company at an exercise price of RM0.78 per ordinary share.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

ISSUE OF SHARES AND DEBENTURES (CONT'D)

The resultant premium arising from the shares issued of RM4,200 has been credited to the share premium account.

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

EXECUTIVES' SHARE OPTION SCHEME ("ESOS")

Under the Company's ESOS which has been approved at an Extraordinary General Meeting held on June 27, 2012, options to subscribe for new ordinary shares of RM0.50 each in the Company were granted to Eligible Executives who include directors and executive employees of the Group and of the Company during the financial year.

The salient features of the ESOS are disclosed in Note 32 to the financial statements.

OTHER STATUTORY INFORMATION

Before the income statements and the statements of financial position of the Group and of the Company were made out, 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 have satisfied themselves that all known bad debts have 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 realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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 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 financial statements which would render any amount stated in the financial statements of the Group and of the Company 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 and secures the liability of any other person; or

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

OTHER STATUTORY INFORMATION (CONT'D)

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 as and 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 for the financial year in which this report is made.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, DSIS, DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Mr. Thang Lai Sung
Mr. Chok Hooa @ Chok Yin Fatt, PMP
Mr. Lim Ee Young
Y.B. Mohd Adhan bin Kechik, SMK
Mr. Lee Kee Hong
Mr. Sow Yeng Chong

In accordance with Article 85 of the Company's Articles of Association, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP and Mr. Chok Hooa @ Chok Yin Fatt, PMP retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, DSIS, DSPN, JSM, DJN, SMS, KMN, PPT, PJK and Mr. Thang Lai Sung retire and, being eligible, offer themselves for re-appointment.

DIRECTORS' INTERESTS

The shareholdings in the Company and in the holding company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.1.2012	Bought	Sold	Balance as of 31.12.2012
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	3,378,664	-	(400,050)	2,978,614
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	3,743,600	275	-	3,743,875
Mr. Thang Lai Sung	23,332	171	-	23,503
Mr. Chok Hooa @ Chok Yin Fatt	136,532	-	-	136,532

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.1.2012	Bought	Sold	Balance as of 31.12.2012
Shares in the Company (Cont'd)				
Registered in the name of directors (Cont'd)				
Mr. Lim Ee Young	211,400	2,587	-	213,987
Y.B. Mohd Adhan bin Kechik	46,664	-	-	46,664
Mr. Lee Kee Hong	23,332	1,980	-	25,312
Mr. Sow Yeng Chong	56,000	-	-	56,000
Deemed interest by virtue of shares held by a company in which a director has interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	97,913,956	780,006	(1,062,674)	97,631,288
Deemed interest by virtue of shares held by immediate family members of the directors				
Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	140,000	400,000	-	540,000
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	1,079,400	14,858	-	1,094,258
Mr. Lim Ee Young	14,000	-	-	14,000

	Number of options over ordinary shares of RM0.50 each			
	Balance as of 1.1.2012	Granted	Exercised	Balance as of 31.12.2012
Share options of the Company				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	-	200,000	-	200,000
Mr. Thang Lai Sung	-	118,000	-	118,000
Mr. Chok Hooa @ Chok Yin Fatt	-	145,000	-	145,000
Mr. Lim Ee Young	-	197,500	-	197,500

The share options of Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, DSIS, DSPN, JSM, DJN, SMS, KMN, PPT, PJK, Y.B. Mohd Adhan bin Kechik, SMK, Mr. Lee Kee Hong and Mr. Sow Yeng Chong are not disclosed above as the options allocated are less than 62,000 ordinary shares each.

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1.00 each			
	Balance as of 1.1.2012	Bought	Sold	Balance as of 31.12.2012
Shares in the holding company, Yee Lee Organization Bhd.				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	2,751	-	-	2,751
Mr. Thang Lai Sung	1,716	-	-	1,716
Mr. Lim Ee Young	25,879	5,735	-	31,614
Mr. Lee Kee Hong	19,800	-	-	19,800
Deemed interest by virtue of shares held by companies in which a director has interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	7,799,820	-	-	7,799,820
Deemed interest by virtue of shares held by immediate family members of a director				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	148,598	13,985	-	162,583

By virtue of his interest in the shares of the holding company, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the holding company has interest.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments 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 21 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.

HOLDING COMPANY

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

AUDITORS

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

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

Y. BHG. DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
April 11, 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2012 and the income statements, statements of 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 a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 123.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 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, 2012 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act;

(b) we have considered the accounts and auditors' reports of the subsidiaries, of which we have not acted as auditors, as mentioned in Note 15 to the financial statements, being accounts that have been included in the financial statements of the Group;

(c) we are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any adverse comment made under Section 174 (3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 37 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/13(J/PH)
Chartered Accountant

April 11, 2013

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

		The Group		The Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	5	699,775	767,650	4,908	4,486
Investment revenue	7	637	719	-	-
Other gains and losses	8	5,393	5,763	-	-
Share of profit of an associated company	16	4,347	2,628	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		(6,836)	(142)	-	-
Raw materials and consumables used	8	(275,617)	(314,485)	-	-
Purchase of finished goods and trading merchandise		(260,232)	(301,929)	-	-
Employee benefits expense	8	(51,282)	(43,812)	(201)	-
Depreciation of property, plant and equipment	12	(10,294)	(10,472)	-	-
Finance costs	9	(6,636)	(8,026)	(67)	(64)
Other expenses	8	(69,865)	(76,438)	(334)	(388)
Profit before tax		29,390	21,456	4,306	4,034
Income tax expense	10	(7,363)	(2,155)	(115)	(47)
Profit for the year attributable to owners of the Company		22,027	19,301	4,191	3,987
Earnings per share					
Basic (sen)	11	12.55	10.99		
Diluted (sen)	11	12.52	10.99		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
Profit for the year		22,027	19,301	4,191	3,987
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations		(579)	473	-	-
Gain/(Loss) on changes in fair value of available-for-sale financial assets		1	(4)	-	-
Gain on changes in fair value of investments in subsidiary companies		-	-	31,488	5,577
Share of other comprehensive income/(loss) of associated company		302	(39)	-	-
Total other comprehensive (loss)/income for the year		(276)	430	31,488	5,577
Total comprehensive income attributable to owners of the Company		21,751	19,731	35,679	9,564

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

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2012

	Note	The Group 2012 RM'000	The Group 2011 RM'000	The Company 2012 RM'000	The Company 2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	236,921	227,777	-	-
Investment properties	13	4,460	9,454	-	-
Investments in subsidiary companies	15	-	-	249,345	217,154
Investment in an associated company	16	49,584	46,203	29,471	29,471
Other investments	17	12	11	-	-
Goodwill on consolidation	18	1,612	1,612	-	-
Total non-current assets		292,589	285,057	278,816	246,625
Current assets					
Inventories	19	64,214	74,278	-	-
Trade and other receivables	20	142,440	154,405	15,073	13,700
Current tax assets	10	3,450	4,945	442	357
Other assets	22	3,041	7,826	4	4
Deposits, cash and bank balances	23	36,026	27,653	25	5
		249,171	269,107	15,544	14,066
Non-current assets classified as held for sale	14	-	2,560	-	-
Total current assets		249,171	271,667	15,544	14,066
Total assets		541,760	556,724	294,360	260,691
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	87,793	87,786	87,793	87,786
Reserves	25	53,819	54,893	168,580	136,352
Retained earnings	25	147,403	127,127	25,823	24,921
Total equity		289,015	269,806	282,196	249,059
Non-current liabilities					
Borrowings	26	9,871	12,082	-	-
Deferred tax liabilities	28	20,321	20,852	-	-
Total non-current liabilities		30,192	32,934	-	-
Current liabilities					
Trade and other payables	29	92,063	89,952	10,993	9,857
Borrowings	26	111,879	149,524	1,000	1,615
Current tax liabilities	10	2,307	149	-	-
Other liabilities	30	16,304	14,359	171	160
Total current liabilities		222,553	253,984	12,164	11,632
Total liabilities		252,745	286,918	12,164	11,632
Total equity and liabilities		541,760	556,724	294,360	260,691

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

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 January 1, 2011		87,786	-	55,067	(5)	(1,698)	-	1,099	111,118	253,367
Profit for the year		-	-	-	-	-	-	-	19,301	19,301
Other comprehensive income/(loss) for the year		-	-	-	(4)	473	-	(39)	-	430
Total comprehensive income/(loss) for the year		-	-	-	(4)	473	-	(39)	19,301	19,731
Payment of dividend	31	-	-	-	-	-	-	-	(3,292)	(3,292)
Balance as of December 31, 2011		87,786	-	55,067	(9)	(1,225)	-	1,060	127,127	269,806
Profit for the year		-	-	-	-	-	-	-	22,027	22,027
Other comprehensive income/(loss) for the year		-	-	-	1	(579)	-	302	-	(276)
Total comprehensive income/(loss) for the year		-	-	-	1	(579)	-	302	22,027	21,751
Payment of dividend	31	-	-	-	-	-	-	-	(3,292)	(3,292)
Recognition of share-based payments		-	-	-	-	-	739	-	-	739
Exercise of ESOS		7	4	-	-	-	(3)	-	3	11
Revaluation reserve realised upon disposal of leasehold land		-	-	(1,538)	-	-	-	-	1,538	-
Balance as of December 31, 2012		87,793	4	53,529	(8)	(1,804)	736	1,362	147,403	289,015

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012

The Company	Note	Share Capital RM'000	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
		← Non-distributable Reserves →					
Balance as of January 1, 2011		87,786	-	130,775	-	24,226	242,787
Profit for the year		-	-	-	-	3,987	3,987
Other comprehensive income for the year		-	-	5,577	-	-	5,577
Total comprehensive income for the year		-	-	5,577	-	3,987	9,564
Payment of dividend	31	-	-	-	-	(3,292)	(3,292)
Balance as of December 31, 2011		87,786	-	136,352	-	24,921	249,059
Profit for the year		-	-	-	-	4,191	4,191
Other comprehensive income for the year		-	-	31,488	-	-	31,488
Total comprehensive income for the year		-	-	31,488	-	4,191	35,679
Payment of dividend	31	-	-	-	-	(3,292)	(3,292)
Recognition of share-based payments		-	-	-	739	-	739
Exercise of ESOS		7	4	-	(3)	3	11
Balance as of December 31, 2012		87,793	4	167,840	736	25,823	282,196

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Group 2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		22,027	19,301
Adjustments for:			
Depreciation of property, plant and equipment		10,294	10,472
Income tax expense recognised in income statement		7,363	2,155
Finance costs		6,636	8,026
Inventories written off		2,027	3
Equity-settled share-based payments		739	-
Allowance for slow moving inventories		562	1,353
Impairment losses recognised on receivables		380	227
Property, plant and equipment written off		202	64
Bad debts written off		189	313
Unrealised loss/(gain) on foreign exchange		109	(112)
Tax penalty		38	12
Share of profit of an associated company		(4,347)	(2,628)
Allowance for slow moving inventories no longer required		(1,486)	(1,891)
Reversal of impairment losses recognised on receivables		(977)	(682)
Investment revenue recognised in income statement		(637)	(719)
Gain on disposal of non-current assets classified as held for sale		(390)	-
Gain on disposal of property, plant and equipment - net		(42)	(34)
		42,687	35,860
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		8,793	6,329
Trade and other receivables		12,105	(4,497)
Other assets		494	1,337
Increase in:			
Trade and other payables		2,300	2,963
Other liabilities		1,947	1,180
Cash Generated From Operations		68,326	43,172
Tax refunded		1,748	1,735
Tax paid		(6,036)	(9,537)
Net Cash Generated From Operating Activities		64,038	35,370

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Group 2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of non-current assets classified as held for sale		2,950	-
Dividends received from an associated company		1,268	1,056
Interest received		522	579
Proceeds from disposal of property, plant and equipment		226	251
Rental from investment properties received		114	139
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	34(a)	(9,096)	(7,439)
Grant received from government in respect of property, plant and equipment		-	134
Deposits paid for acquisition of land		-	(3,872)
Net Cash Used In Investing Activities		(4,015)	(9,151)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from term loans		993	284
Proceeds from trust receipts		106	330
Proceeds from issuance of shares arising from exercise of ESOS		11	-
Repayment of bankers' acceptances		(36,333)	(5,539)
Finance costs paid		(6,654)	(8,026)
Dividend paid		(3,292)	(3,292)
Repayment of term loans		(3,154)	(2,712)
Repayment of hire-purchase payables		(1,403)	(7,293)
Repayment of revolving credits		-	(3,000)
Net Cash Used In Financing Activities		(49,726)	(29,248)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		10,297	(3,029)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,219	19,169
Effect of exchange rate changes on the balance of cash held in foreign currencies		(131)	79
CASH AND CASH EQUIVALENTS AT END OF YEAR	34(b)	26,385	16,219

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	The Company 2012 RM'000	2011 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		4,191	3,987
Adjustments for:			
Income tax expense recognised in income statement		115	47
Finance costs		67	64
Equity-settled share-based payments		36	-
Dividend income		(4,908)	(4,486)
		(499)	(388)
Movements in working capital:			
Increase in other assets		-	(1)
Increase/(Decrease) in:			
Other payables		26	(1)
Other liabilities		10	17
Cash Used In Operations		(463)	(373)
Dividends received		4,708	4,373
Net Cash Generated From Operating Activities		4,245	4,000
CASH FLOWS FROM/(USED) IN INVESTING ACTIVITIES			
(Advances granted to)/Repayment from subsidiary company - net		(1,372)	357
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Advances received from/(Repayment to) subsidiary company - net		1,110	(1,648)
Proceeds from issuance of shares arising from exercise of ESOS		11	-
Dividend paid		(3,292)	(3,292)
Finance costs paid		(67)	(64)
Net Cash Used In Financing Activities		(2,238)	(5,004)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		635	(647)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(610)	37
CASH AND CASH EQUIVALENTS AT END OF YEAR	34(b)	25	(610)

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 principal activities of the subsidiary companies are disclosed in Note 15.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year.

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 11, 2013.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

The financial statements of the Group and of the Company have been prepared in accordance with FRSs and the provisions of the Companies Act, 1965 in Malaysia.

2.1 Adoption of new and revised FRSs and IC Interpretations ("IC Int.")

During the financial year, the Group and the Company adopted all new and revised FRSs and IC Int. issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for accounting periods beginning on or after January 1, 2012. The adoption of these new and revised FRSs and IC Int. has not affected the amounts reported in the financial statements of the Group and of the Company and/or material changes to the Group's and the Company's accounting policies.

2.2 Standards and IC Int. in issue but not yet effective

The Group and the Company have not elected for early adoption of the relevant new and revised FRSs and IC Int. and amendments to FRSs and IC Int. which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the amounts reported in the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces the parts of FRS 127 *Consolidated and Separate Financial Statements (revised in 2010)* that deal with consolidated financial statements. IC Int. 112 *Consolidation - Special Purpose Entities* has been withdrawn upon the issuance of FRS 10. Under FRS 10, there is only one basis for consolidation, that is control. In addition, FRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in FRS 10 to deal with complex scenarios.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

FRS 12 Disclosure of Interests in Other Entities

FRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in FRS 12 are more extensive than those in the current standards.

In July 2012, amendments were made to FRS 10, FRS 11 and FRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*.

The amendments clarifies that the "date of initial application" in FRS 10 means "the beginning of the annual reporting period in which FRS 10 is applied for the first time". Consequently, an entity is not required to adjust its previous accounting if (a) the consolidation conclusion reached upon the application of FRS 10 is the same as previous accounting; or (b) the entity had disposed of its interests in investees during a comparative period.

If an entity has to consolidate an investee that was not previously consolidated when applying FRS 10 or concludes that it will no longer consolidate an investee that was previously consolidated, the amendments limit the requirement to present adjusted comparative information to the period immediately preceding the date of initial application. However, the entity is not prohibited from presenting adjusted comparative information for earlier periods.

A similar relief is also provided in FRS 11 and FRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that FRS 12 is applied.

If, upon applying FRS 10, an entity concludes that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of FRS 3 *Business Combinations* and FRS 127 *Consolidated and Separate Financial Statements* issued by the MASB in January 2010, the amendments provide the choice to Transitioning Entities to apply either the earlier (i.e. as issued in February 2006) or the revised versions of FRS 3 and FRS 127 (as issued in January 2010).

The directors anticipate that FRS 10 and FRS 12 will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The application of these new standards may have significant impact on amounts reported in the consolidated financial statements. The application of FRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of FRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in FRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under FRS 7 *Financial Instruments: Disclosures* will be extended by FRS 13 to cover all assets and liabilities within its scope.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (CONT'D)

FRS 13 Fair Value Measurement (cont'd)

The directors anticipate that FRS 13 will be adopted in the Group's and the Company's financial statements for the annual period beginning January 1, 2013 and that the application of this new standard may result in more extensive disclosures in the financial statements.

Amendments to FRS 101 Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to FRS 101 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to FRS 101 are effective for annual periods beginning on or after July 1, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Malaysian Financial Reporting Standards Framework ("MFRS Framework")

In addition, on November 19, 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on January 1, 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other than Private Entities for annual periods beginning on or after January 1, 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for the Construction of Real Estate,* including its parent, significant investor and venture (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after January 1, 2014.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending December 31, 2014. In presenting their first MFRS financial statements, the Group and the Company may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition (if any), will be made retrospectively, against opening retained profits.

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 certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

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 the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Company owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and income and expenses are eliminated in full on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Business Combinations

The acquisitions of subsidiary companies are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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

Rental income

Rental income is accrued on a time basis, by reference to the agreements entered.

Employee Benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense 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 are 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits (cont'd)

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to income statement 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 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 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.

Exchange differences are recognised in income statement 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 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 recognised in income statement in the year in which the foreign incorporated subsidiary is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

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

	2012	2011
Foreign currency		
Vietnamese Dong ("VND")	6,802.72	-
United States Dollar ("USD")	-	0.3158

Effective from January 1, 2012, the foreign subsidiary changed its reporting currency from USD to VND as the directors believe that the use of VND is more reflective of the economic substance of the underlying events and circumstances relevant to the subsidiary's operations and majority of the subsidiary's transactions are denominated in VND.

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 income statements in the period in which they become receivable.

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

Taxation

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

Current tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred tax

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

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

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

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

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.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in income statements, except when they relate to items that are recognised outside income statements (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside income statements, 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.

Property, Plant and Equipment

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

Any revaluation increase arising from the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income statement, in which case the increase is credited to income statement to the extent of the decrease previously charged to income statement. A decrease in carrying amount arising from the revaluation of such land and buildings are charged to income statement to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings are charged to income statement. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when the asset is derecognised.

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, plantation development expenditure 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.

Leasehold land is amortised over the lease period ranging from 19 to 87 years. Depreciation of other property, plant and equipment is computed on the reducing balance 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 33%
Motor vehicles	10% to 20%
Furniture, fixtures and equipment	10% to 20%
Renovations	10%

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

All direct expenses incurred for plantation development and attributable overheads, including depreciation of property, plant and equipment which are principally used for newly planted areas and finance costs on funds borrowed to finance newly planted areas are capitalised up to the maturity period as plantation development expenditure. Subsequent replanting costs and all other expenditure incurred subsequent to maturity are charged to the income statements as and when incurred.

New planting costs are not amortised as the useful life of the plantation assets is effectively maintained through a regular systematic programme of replanting which results in replanting costs in an accounting period approximating the depreciation that would have been charged. Replanting costs are thus regarded as substitutes for amortisation and are taken to represent the cost of a continuous rejuvenation process for the plantation assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

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 income statements.

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 income statement 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 are initially recognised as assets of the Group at their fair value 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 income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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

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

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 income statement in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment Properties (cont'd)

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 income statement in the year in which the retirement or disposal arise.

Investments in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are classified as available-for-sale assets and are stated at fair value, with any resultant fair value changes recognised in equity under investments revaluation reserve account, except for impairment losses. When these investments are derecognised, the cumulative fair value gain or loss previously recognised directly in equity is reclassified to income statement.

The fair values of the subsidiary companies are determined based on valuation technique as disclosed in Note 15.

Investments in Associated Company

An associate is an entity over which the Group has significant influence and that is neither a subsidiary 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 associates are incorporated in these 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 FRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 associate 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 income statement.

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

Investment in associated company is stated at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 income statements and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

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

The Group's policy for goodwill arising on the acquisition of an associate is described at Investments in Associated Company policy above.

Non-Current Asset Held for Sale

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

Non-current asset (or disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets excluding Goodwill (cont'd)

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 income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. 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 income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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. Cost 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. Cost 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.

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 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 income statement 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are recognised when the Group and the Company has 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 instruments are recognised in the statement of financial position when, and only when the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on 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 asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets and financial liabilities classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets

Financial assets of the Group and of the Company are classified into 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) *AFS financial assets*

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL. All AFS assets are measured at fair value at the end of the reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in the income statements. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the income statements.

Dividends on AFS equity instruments are recognised in the income statements when the Group's right to receive the dividends is established.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iii) *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial assets (cont'd)

(iii) *Impairment of financial assets (cont'd)*

AFS investments are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the AFS investments, the estimated future cash flows of the investments have been affected. For unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the investments below their costs is considered to be objective evidence of impairment. When an AFS investment is considered to be impaired, cumulative gains or losses previously recognised in investments revaluation reserve are reclassified to the income statements even though the investment has not been derecognised. Impairment losses of AFS investments previously recognised in the income statements are not reversed through the income statements. Any increase in fair value subsequent to an impairment loss is recognised in investments revaluation reserve.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statements.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statements to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) *Derecognition of financial assets*

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, 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 and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise their retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial liabilities and equity instruments

(i) *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 arrangement.

(ii) *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 and the Company are recognised at the proceeds received, net of direct issue costs.

(iii) *Financial liabilities*

Financial liabilities of the Group and of the Company, including borrowings, are classified into "other financial liabilities" category, and are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(iv) *Derecognition of financial liabilities*

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire.

(c) Derivative financial instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statements of comprehensive income immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of comprehensive income depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Statement 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, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

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, are discussed below:

(a) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to CGUs that are expected to benefit from the synergies of the business combination in which the goodwill arose.

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 the management covering a period of five years. The terminal value is calculated based on the projected terminal growth of the CGUs at the end of the fifth year.

The key assumptions for value-in-use include the management's expectation of revenue growth and operating costs, drawing from past experience and current assessment of the market and industry growth as well as the maximum capacity available.

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

(b) Fair Value Estimation on Investments in Subsidiary Companies

The Company holds unquoted shares in subsidiary companies that are not traded in an active market. The Company used the Free Cash Flow to Equity valuation technique by estimating free cash flow to equity for financial years 2013 to 2017 and discounting these cash flows at an appropriate discount rate.

(c) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(d) Impairment of Property, Plant and Equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Where there are signs of impairment in the value of the Group's property, plant and equipment, a review of recoverable amounts is performed. The recoverable amount is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by the management covering a period of five years. The terminal value is calculated based on the projected residual value of the CGUs at the end of the fifth year.

The key assumptions for value-in-use include the management's expectation of revenue growth and operating costs, drawing from past experience and current assessment of the market and industry growth as well as the maximum capacity available.

(e) Allowance for Slow Moving Inventories

The Group makes allowance for slow moving inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternative uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of slow moving inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and slow moving inventories expenses in the period in which such estimate has been changed.

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

(f) Recoverability of Receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. An allowance is established for trade or other receivable when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of transactions. The identification of doubtful receivables requires use of judgement and estimates with reference to the ageing profile and collection patterns. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(g) 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 many 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.

(h) 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.

5. REVENUE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	697,916	765,809	-	-
Tourism related services	1,859	1,841	-	-
Dividend income:				
Subsidiary companies	-	-	3,640	3,430
Associated company	-	-	1,268	1,056
	-	-	4,908	4,486
	699,775	767,650	4,908	4,486

6. SEGMENT REPORTING

Information reported to the chief operating decision maker and senior management of the Group for the purpose of resources allocation and assessment of performance focuses on the business operations of the Group.

The Group is organised into the following operating divisions:
- manufacturing (includes cooking oils, margarine, shortening, corrugated paper cartons, crude palm oil, kernel and general line tin cans)
- trading (includes edible oils, kernel and other consumer products)
- plantation (includes tea and palm oil)
- others (includes tourism related services and investment holding)

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

The Group 2012	**Manufacturing RM'000**	**Trading RM'000**	**Plantation RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue						
External sales	230,983	466,748	185	1,859	-	699,775
Inter-segment sales	241,259	76	5,713	4,925	(251,973)	-
Total revenue	472,242	466,824	5,898	6,784	(251,973)	699,775
Results						
Segment results	22,843	7,298	194	5,532	(4,825)	31,042
Finance costs						(6,636)
Share of profit of an associated company						4,347
Investment revenue						637
Profit before tax						29,390
Income tax expense						(7,363)
Profit for the year						22,027
Other information						
Capital additions	10,611	3,113	1,471	238	(64)	15,369
Depreciation and amortisation charges	6,905	2,440	614	335	-	10,294
Impairment losses recognised on receivables	215	165	-	-	-	380
Reversal of impairment losses recognised on receivables	133	844	-	-	-	977

6. SEGMENT REPORTING (CONT'D)

The Group 2012	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	313,339	196,683	49,115	305,999	(379,250)	485,886
Investment in an associated company						49,584
Unallocated corporate assets						6,290
Consolidated total assets						541,760
Liabilities						
Segment liabilities	47,615	111,457	16,723	27,575	(95,003)	108,367
Unallocated corporate liabilities						144,378
Consolidated total liabilities						252,745
The Group 2011						
Revenue						
External sales	243,698	522,067	174	1,711	-	767,650
Inter-segment sales	257,808	31	7,507	4,674	(270,020)	-
Total revenue	501,506	522,098	7,681	6,385	(270,020)	767,650
Results						
Segment results	15,882	7,034	2,137	4,812	(3,730)	26,135
Finance costs						(8,026)
Share of profit of an associated company						2,628
Investment revenue						719
Profit before tax						21,456
Income tax expense						(2,155)
Profit for the year						19,301

6. SEGMENT REPORTING (CONT'D)

The Group 2011	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information						
Capital additions	6,230	3,802	1,266	70	(534)	10,834
Depreciation and amortisation charges	6,871	2,639	828	334	-	10,672
Impairment losses recognised on receivables	46	181	-	-	-	227
Reversal of impairment losses recognised on receivables	156	526	-	-	-	682
Consolidated Statement of Financial Position						
Assets						
Segment assets	330,799	214,592	48,748	285,878	(377,580)	502,437
Investment in an associated company						46,203
Unallocated corporate assets						8,084
Consolidated total assets						556,724
Liabilities						
Segment liabilities	46,957	117,679	16,399	24,894	(101,618)	104,311
Unallocated corporate liabilities						182,607
Consolidated total liabilities						286,918

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:

	2012 RM'000	2011 RM'000
Malaysia	10,890	10,411
Vietnam	4,480	423
	15,370	10,834

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	
	2012 RM'000	2011 RM'000
Interest income from fixed and short-term deposits	267	316
Interest received on:		
Advances granted to ultimate holding company	255	253
Advances granted to other related companies	-	10
Rental income from investment properties	114	139
Dividend income from quoted shares	1	1
	637	719

8. OTHER GAINS AND LOSSES, OTHER EXPENSES, RAW MATERIALS AND CONSUMABLES USED AND EMPLOYEE BENEFITS EXPENSE

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Reversal of impairment losses recognised on receivables	977	682	-	-
Gain on disposal of non-current assets classified as held for sale	390	-	-	-
Rental income:				
Premises	43	24	-	-
Motor vehicles	15	13	-	-
Gain on disposal of property, plant and equipment - net	42	34	-	-
Bad debts recovered	5	5	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(189)	(172)	(122)	(114)
Other emoluments	(1,889)	(1,698)	(43)	(41)
Directors of the subsidiary companies:				
Fees	(65)	(59)	-	-
Other emoluments	(1,650)	(1,823)	-	-
Rental expense - premises	(2,348)	(2,083)	-	-
Impairment losses recognised on receivables	(380)	(227)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(340)	(303)	(65)	(39)
Prior year	(9)	(6)	(6)	-
Non-audit services	-	(25)	-	-
Hire of machinery	(317)	(239)	-	-
Realised loss on foreign exchange - net	(212)	(785)	-	-
Property, plant and equipment written off	(202)	(64)	-	-
Bad debts written off	(189)	(313)	-	-
Unrealised (loss)/gain on foreign exchange	(109)	112	-	-
Research and development expenses	(20)	(23)	-	-
Lease rental	(6)	(3)	-	-
Preliminary expenses written off	(2)	-	-	-

8. OTHER GAINS AND LOSSES, OTHER EXPENSES, RAW MATERIALS AND CONSUMABLES USED AND EMPLOYEE BENEFITS EXPENSE (CONT'D)

Included in raw materials and consumables used are subsidy received and receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization Scheme amounted to RM45,094,012 (2011: RM62,082,873).

Included in employee benefits expense and directors' remuneration are the following:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Contributions to EPF:				
Employee benefits expense	4,357	3,881	-	-
Directors' remuneration	311	295	-	-
Rental of hostel:				
Employee benefits expense	160	115	-	-
Equity-settled share-based payments:				
Employee benefits expense	508	-	-	-
Directors' remuneration	231	-	36	-

9. FINANCE COSTS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest on:				
Bankers' acceptances	3,806	4,456	-	-
Revolving credits	675	752	43	27
Bank overdrafts	644	735	16	27
Term loans	743	909	-	-
Hire-purchase	188	586	-	-
Trust receipts	4	1	-	-
Bank charges and commitment fees	594	607	8	10
	6,654	8,046	67	64
Less: Hire-purchase interest capitalised under plantation development expenditure (Note 12)	(18)	(20)	-	-
	6,636	8,026	67	64

10. INCOME TAX EXPENSE

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Income tax:				
Current year:				
Malaysian	6,290	3,054	126	49
Foreign	539	112	-	-
	6,829	3,166	126	49
Prior year:				
Malaysian	142	(78)	(11)	(2)
Foreign	924	-	-	-
	1,066	(78)	(11)	(2)
	7,895	3,088	115	47
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	255	185	-	-
Relating to reversal of deferred tax liability on revaluation surplus of land upon disposal	(426)	-	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of land and buildings and investment properties	(287)	(299)	-	-
Prior years	(74)	(819)	-	-
	(532)	(933)	-	-
	7,363	2,155	115	47

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2012 except for its foreign subsidiary company.

10. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax	29,390	21,456	4,306	4,034
Tax at the applicable statutory income tax rate of 25% (2011: 25%)	7,348	5,364	1,077	1,009
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,067	630	76	49
Unutilised tax losses and unabsorbed agricultural and tax capital allowances not recognised as deferred tax assets	277	-	-	-
Loss not available for offset against future taxable profit	3	5	-	-
Share of profit of an associated company	(1,087)	(657)	-	-
Temporary differences arising from property, plant and equipment	(174)	(504)	-	-
Utilisation of reinvestment allowances	(140)	(1,262)	-	-
Utilisation of tax losses and unabsorbed agricultural and tax capital allowances previously not recognised as deferred tax assets	(46)	(200)	-	-
Income that is not taxable in determining taxable profit	(38)	(36)	(1,027)	(1,009)
Expenses eligible for double deduction	(24)	-	-	-
Others	(147)	-	-	-
Effect of difference in tax rate of a subsidiary operating in other jurisdictions	(668)	(288)	-	-
Prior years:				
Income tax	1,066	(78)	(11)	(2)
Deferred tax	(74)	(819)	-	-
Income tax expense recognised in income statements	7,363	2,155	115	47

As of December 31, 2012, the Company has Section 108 tax credit and tax-exempt accounts balances of approximately RM4,649,929 and RM33,352,351 (2011: RM5,747,249 and RM29,244,886) respectively. The tax-exempt accounts arose from claims for 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 shareholders of the Company.

As of December 31, 2012, certain subsidiary companies have Section 108 tax credit and tax-exempt accounts balances of approximately RM19,592,431 and RM15,195,583 (2011: RM19,667,431 and RM18,915,153) respectively. 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 shareholder of the subsidiary companies.

10. INCOME TAX EXPENSE (CONT'D)

Current tax assets and liabilities

The Group	2012 RM'000	2011 RM'000
Current tax assets		
Tax refund receivable	3,450	4,945
Current tax liabilities		
Income tax payable	2,307	149

The Company	2012 RM'000	2011 RM'000
Current tax assets		
Tax refund receivable	442	357

11. EARNINGS PER ORDINARY SHARE

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

	The Group 2012	2011
Basic		
Profit for the year attributable to owners of the Company (RM'000)	22,027	19,301
Number of ordinary shares in issue as of January 1	175,572	175,572
Effect of exercise of ESOS ('000)	2	-
Weighted average number of ordinary shares in issue ('000)	175,574	175,572
Basic earnings per ordinary share (sen)	12.55	10.99
Diluted		
Profit for the year attributable to owners of the Company (RM'000)	22,027	19,301
Weighted average number of ordinary shares in issue ('000)	175,574	175,572
Effect of exercise of ESOS ('000)	295	-
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share	175,869	175,572
Diluted earnings per ordinary share (sen)	12.52	10.99

12. PROPERTY, PLANT AND EQUIPMENT

The Group 2012	Cost except as otherwise stated							
	At beginning of year RM'000	Transfer from 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	34,640	4,994	-	-	-	-	-	39,634
At cost	69	-	-	-	-	-	-	69
Long-term leasehold land and improvements:								
At valuation	48,914	-	-	-	-	-	-	48,914
Short-term leasehold land and improvements:								
At valuation	13,760	-	-	-	-	-	-	13,760
At cost	-	-	4,300	-	-	(143)	-	4,157
Buildings:								
At valuation	53,307	-	-	-	-	-	-	53,307
At cost	11,925	-	1,832	-	-	-	129	13,886
Electricity and water supply system	226	-	157	-	-	-	-	383
Plant and machinery	115,204	-	3,576	(62)	(5)	(246)	2,001	120,468
Plant and machinery under hire-purchase	3,752	-	2,321	-	-	-	(2,086)	3,987
Motor vehicles	14,362	-	895	(667)	(227)	(15)	752	15,100
Motor vehicles under hire-purchase	4,806	-	-	-	-	-	(667)	4,139
Furniture, fixtures and equipment	15,811	-	1,364	(44)	(535)	(12)	-	16,584
Plantation development expenditure	7,139	-	735	-	-	-	-	7,874
Renovations	1,617	-	189	-	-	-	(129)	1,677
Capital work-in-progress	68	-	-	-	-	-	-	68
Total	325,600	4,994	15,369	(773)	(767)	(416)	-	344,007

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

The Group 2012	Accumulated depreciation and impairment losses							
	At beginning of year RM'000	Transfer from investment properties 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	1,423	-	712	-	-	-	-	2,135
Short-term leasehold land and improvements:								
At valuation	758	-	380	-	-	-	-	1,138
At cost	-	-	46	-	-	-	-	46
Buildings:								
At valuation	2,580	-	1,269	-	-	-	-	3,849
At cost	397	-	273	-	-	-	5	675
Electricity and water supply system	38	-	30	-	-	-	-	68
Plant and machinery	71,087	-	4,923	(50)	(3)	(87)	918	76,788
Plant and machinery under hire-purchase	1,350	-	256	-	-	-	(918)	688
Motor vehicles	10,171	-	1,444	(515)	(162)	(7)	389	11,320
Motor vehicles under hire-purchase	1,697	-	92	-	-	-	(389)	1,400
Furniture, fixtures and equipment	7,817	-	989	(24)	(400)	(9)	-	8,373
Plantation development expenditure	-	-	-	-	-	-	-	-
Renovations	505	-	106	-	-	-	(5)	606
Capital work-in-progress	-	-	-	-	-	-	-	-
Total	97,823	-	10,520	(589)	(565)	(103)	-	107,086

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

The Group 2011	Cost except as otherwise stated								
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassified to non-current assets classified as held for sale RM'000	Reclassification RM'000	Adjustment* RM'000	At end of year RM'000
Freehold land:									
At valuation	34,640	-	-	-	-	-	-	-	34,640
At cost	-	69	-	-	-	-	-	-	69
Long-term leasehold land and improvements:									
At valuation	48,914	-	-	-	-	-	-	-	48,914
Short-term leasehold land and improvements:									
At valuation	15,760	-	-	-	-	(2,000)	-	-	13,760
Buildings:									
At valuation	54,194	-	-	-	-	(887)	-	-	53,307
At cost	2,481	679	-	-	-	-	8,765	-	11,925
Electricity and water supply system	77	149	-	-	-	-	-	-	226
Plant and machinery	104,713	4,495	-	-	172	-	5,958	(134)	115,204
Plant and machinery under hire-purchase	7,225	-	-	-	-	-	(3,473)	-	3,752
Motor vehicles	13,103	241	(1,561)	(87)	12	-	2,654	-	14,362
Motor vehicles under hire-purchase	5,941	1,519	-	-	-	-	(2,654)	-	4,806
Furniture, fixtures and equipment	14,334	1,449	-	(35)	21	-	42	-	15,811
Plantation development expenditure	6,483	656	-	-	-	-	-	-	7,139
Renovations	1,429	188	-	-	-	-	-	-	1,617
Capital work-in-progress	9,971	1,389	-	-	-	-	(11,292)	-	68
Total	319,265	10,834	(1,561)	(122)	205	(2,887)	-	(134)	325,600

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

The Group 2011	Accumulated depreciation and impairment losses								
	At beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassified to non-current assets classified as held for sale RM'000	Reclassification RM'000	Adjustment* RM'000	At end of year RM'000
Freehold land:									
At valuation	-	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-	-
Long-term leasehold land and improvements:									
At valuation	711	712	-	-	-	-	-	-	1,423
Short-term leasehold land and improvements:									
At valuation	440	438	-	-	-	(120)	-	-	758
Buildings:									
At valuation	2,157	1,310	-	-	-	(887)	-	-	2,580
At cost	141	256	-	-	-	-	-	-	397
Electricity and water supply system	20	18	-	-	-	-	-	-	38
Plant and machinery	64,558	5,028	-	-	49	-	1,452	-	71,087
Plant and machinery under hire-purchase	2,682	120	-	-	-	-	(1,452)	-	1,350
Motor vehicles	9,257	1,060	(1,344)	(36)	4	-	1,230	-	10,171
Motor vehicles under hire-purchase	2,279	648	-	-	-	-	(1,230)	-	1,697
Furniture, fixtures and equipment	6,871	963	-	(22)	5	-	-	-	7,817
Plantation development expenditure	-	-	-	-	-	-	-	-	-
Renovations	386	119	-	-	-	-	-	-	505
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	89,502	10,672	(1,344)	(58)	58	(1,007)	-	-	97,823

* Adjustment relates to Government grant received by a subsidiary company for the purchase of plant and machinery.

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

The Group	Carrying amounts 2012 RM'000	2011 RM'000
Freehold land:		
At valuation	39,634	34,640
At cost	69	69
Long-term leasehold land and improvements:		
At valuation	46,779	47,491
Short-term leasehold land and improvements:		
At valuation	12,622	13,002
At cost	4,111	-
Buildings:		
At valuation	49,458	50,727
At cost	13,211	11,528
Electricity and water supply system	315	188
Plant and machinery	43,680	44,117
Plant and machinery under hire-purchase	3,299	2,402
Motor vehicles	3,780	4,191
Motor vehicles under hire-purchase	2,739	3,109
Furniture, fixtures and equipment	8,211	7,994
Plantation development expenditure	7,874	7,139
Renovations	1,071	1,112
Capital work-in-progress	68	68
Total	236,921	227,777

Included in plantation development expenditure are the following current year's expenditure:

The Group	2012 RM'000	2011 RM'000
Depreciation of property, plant and equipment	226	200
Director's remuneration	-	47
Interest on hire-purchase (Note 9)	18	20
Auditors' remuneration	-	5

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

The Group	2012 RM'000	2011 RM'000
Income statement	10,294	10,472
Plantation development expenditure	226	200
	10,520	10,672

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

The freehold land, leasehold land and improvements and buildings of the subsidiary companies were revalued by the directors on December 31, 2009 based on valuations carried out by independent valuers, by reference to market evidence of recent transactions for similar properties.

The carrying amounts of the revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation have not been disclosed due to the absence of historical records.

As of December 31, 2011, the leasehold land and building of a subsidiary company were reclassified to non-current assets classified as held for sale when a sale and purchase agreement was entered into on November 23, 2011 for the disposal of the said property to a related company. The sale has been completed during the year upon meeting the terms and conditions of completion as stated in the sale and purchase agreement.

13. INVESTMENT PROPERTIES

The Group 2012	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfer to property, plant and equipment RM'000	Reclassified to non-current assets classified as held for sale RM'000	At end of year RM'000
At fair value:						
Freehold land	6,294	-	-	(4,994)	-	1,300
Long-term leasehold land	781	-	-	-	-	781
Short-term leasehold land	1,088	-	-	-	-	1,088
Buildings	1,291	-	-	-	-	1,291
As of December 31, 2012	9,454	-	-	(4,994)	-	4,460
The Group 2011						
At fair value:						
Freehold land	6,564	-	-	-	(270)	6,294
Long-term leasehold land	781	-	-	-	-	781
Short-term leasehold land	1,088	-	-	-	-	1,088
Buildings	1,701	-	-	-	(410)	1,291
As of December 31, 2011	10,134	-	-	-	(680)	9,454

The investment properties of the subsidiary companies were revalued by the directors on December 31, 2009 based on valuations carried out by independent valuers by reference to market evidence of recent transactions for similar properties. No valuations were performed in 2012 as there are no material changes in the market value of properties since their valuations in 2009.

As of December 31, 2012, there were no contractual obligations of the Group for future repairs and maintenance (2011: Nil).

13. INVESTMENT PROPERTIES (CONT'D)

During the financial year ended December 31, 2012, direct operating expenses incurred relating to the investment properties of the Group amounted to RM21,297 (2011: RM142,040).

As of December 31, 2011, a piece of freehold property was reclassified to non-current assets classified as held for sale when a sale and purchase agreement was entered into on December 22, 2011 for the disposal of the said property. The sale has been completed during the year upon meeting the terms and conditions of completion as stated in the sale and purchase agreement.

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group	2012 RM'000	2011 RM'000
At valuation		
At beginning of year	3,567	-
Disposals	(3,567)	-
Reclassified from:		
Property, plant and equipment (Note 12)	-	2,887
Investment properties (Note 13)	-	680
At end of year	-	3,567
Accumulated depreciation		
At beginning of year	(1,007)	-
Disposals	1,007	-
Reclassified from property, plant and equipment (Note 12)	-	(1,007)
At end of year	-	(1,007)
Carrying amount	-	2,560

A subsidiary company entered into a sale and purchase agreement on November 23, 2011 for the disposal of a piece of leasehold land and building included under property, plant and equipment.

Another subsidiary company entered into a sale and purchase agreement on December 22, 2011 for the disposal of a piece of freehold land and building included under investment property.

No impairment loss was recognised on reclassification of the properties as held for sale as of December 31, 2011.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	2012 RM'000	2011 RM'000
Unquoted shares - available-for-sale:		
At beginning of year	217,154	211,577
Additions	703	-
Fair value adjustment	31,488	5,577
At end of year	249,345	217,154

During the financial year, the additions relate to share options granted to the directors and executive employees of the subsidiary companies.

The fair values of the investments in subsidiary companies are determined using valuation technique as there is currently no active market for the equity shares of the subsidiary companies, all of which are not listed. Management has adopted the Free Cash Flow to Equity valuation technique by forecasting free cash flow to equity and discounting these cash flows back to the present at an appropriate required rate of return. The assumptions to the discounted cash flow analysis incorporate observable business conditions and other factors that are likely to affect the subsidiary companies as follows:

- Receivables, payables and inventories turnover period is estimated to be consistent with the current financial year.
- There will be no material changes in prevailing economic and political climate and government policies and regulations that would significantly affect the operations of the respective companies.
- The five years cash flow projections extrapolate the results using steady growth rates ranging from -0.5% to 2.50% per annum for Malaysian companies and 6.00% per annum for Vietnam company while terminal growth rates in Malaysia ranged from 0% to 3.0% and Vietnam of 4.00%.
- The following discount rates applied have incorporated elements of country-specific risk, time value of money as well as business risk:
  - 11.10% - 19.21% for companies which manufacture palm based products;
  - 10.73% for company that manufactures paper cartons;
  - 20.00% and 32.24% for companies that manufacture tin cans in Malaysia and Vietnam respectively;
  - 13.73% - 16.30% for trading companies; and
  - 7.10% - 10.23% for other companies.

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Direct Subsidiary Companies				
Yee Lee Trading Co. Sdn. Bhd.	Malaysia	100.00	100.00	Marketing and distribution of edible oils and other consumer products.
Yee Lee Palm Oil Industries Sdn. Bhd.*	Malaysia	100.00	100.00	Milling and selling of crude palm oil and kernel.

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Place of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities
Direct Subsidiary Companies				
Yee Lee Edible Oils Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing of cooking oil, margarine and shortening and trading of consumer products.
South East Asia Paper Products Sdn. Bhd.*	Malaysia	100.00	100.00	Manufacturing and selling of corrugated paper cartons.
Canpac Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing and trading of general line tin cans.
Intanwasa Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding.
Yee Lee Marketing Sdn. Bhd. *	Malaysia	100.00	100.00	Marketing and distribution of consumer products.
Indirect Subsidiary Companies				
Held through Yee Lee Trading Co. Sdn. Bhd.				
Mini Motors Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding.
Held through Yee Lee Palm Oil Industries Sdn. Bhd.				
Sementra Plantations Sdn. Bhd.	Malaysia	100.00	100.00	Oil palm cultivation.
Palker Sdn. Bhd.	Malaysia	100.00	100.00	Ceased its business activity since December 31, 2010.
Held through Canpac Sdn. Bhd.				
Good Cans Sdn. Bhd.	Malaysia	100.00	100.00	Pre-operating.
Canpac Vietnam Pte., Ltd. #	Vietnam	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	Planting, processing and distribution of tea
Sabah Tea Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.
Sabah Tea Resort Sdn. Bhd.	Malaysia	100.00	-	Pre-operating.

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

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

During the financial year, Intanwasa Sdn. Bhd. incorporated a wholly-owned subsidiary company, Sabah Tea Resort Sdn. Bhd. with an issued and fully paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

16. INVESTMENT IN AN ASSOCIATED COMPANY

The Group	**2012 RM'000**	**2011 RM'000**
Quoted shares, at cost	29,471	29,471
Share of post-acquisition results, net of dividends received	16,874	13,795
Share of post-acquisition reserves	3,239	2,937
	20,113	16,732
	49,584	46,203
Market value of:		
Quoted shares	43,945	36,550
Quoted Warrants	2,324	1,954
The Company		
Quoted shares, at cost	29,471	29,471
Market value of:		
Quoted shares	43,945	36,550
Quoted Warrants	2,324	1,954

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

	The Group	
	2012 RM'000	**2011 RM'000**
Share of net assets	50,632	47,251
Reserve on acquisition	(1,048)	(1,048)
	49,584	46,203

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

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2012 %	Effective Equity Interest 2011 %	Principal Activities	Financial Year End
Spritzer Bhd.	Malaysia	32.26	32.35	Investment holding.	May 31

The reporting date of Spritzer Bhd. is May 31. This was the reporting date established when that company was incorporated and management considers that it is unnecessary to change the reporting date. For the purpose of applying equity method of accounting, the audited consolidated financial statements of Spritzer Bhd. for the year ended May 31, 2012 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2012.

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

	The Group 2012 RM'000	The Group 2011 RM'000
Total assets	278,368	274,270
Total liabilities	(121,839)	(128,192)
Net assets	156,529	146,078
Group's share of associate's net assets	50,632	47,251
Total revenue	185,289	166,487
Total profit for the year	13,439	8,126
Group's share of associate's profit for the year	4,347	2,628

In 2011, Spritzer Bhd. ("SB") issued 10,564,185 free Warrants to the Company pursuant to SB's Bonus Issue of Warrants. Each Warrant carries the entitlement to subscribe for one (1) new Spritzer share at the exercise price of RM1.18 per share at any time during the exercise period of 5 years expiring on December 13, 2016. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid for any purpose.

17. OTHER INVESTMENTS

The Group	2012 RM'000	2011 RM'000
Available-for-sale investments carried at fair value:		
Quoted shares in Malaysia:		
At beginning of year	11	15
Fair value adjustment	1	(4)
At end of year	12	11

The market value of quoted shares as of the reporting period approximate its fair value.

18. GOODWILL ON CONSOLIDATION

The Group	2012 RM'000	2011 RM'000
At beginning of year and at end of year	1,612	1,612

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

Carrying amount of goodwill is allocated to the following CGU:

The Group	2012 RM'000	2011 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 2013 to 2017. The following key assumptions are used to generate the financial forecast:

Growth rate:	
Year 2013 and 2014	0.00% per annum
Year 2015, 2016 and 2017	-0.50% per annum
Discount rate	20.00% 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 business past performance and management's expectations of market development.

19. INVENTORIES

The Group	2012 RM'000	2011 RM'000
At cost:		
Finished goods and trading merchandise	41,367	51,204
Raw materials	15,035	16,233
Work-in-progress	4,851	5,119
Factory supplies	1,488	1,786
Consumables	1,311	1,234
Goods-in-transit	1,054	572
Fertilisers	54	-
	65,160	76,148
Less: Allowance for slow moving inventories	(946)	(1,870)
	64,214	74,278

19. INVENTORIES (CONT'D)

The cost of inventories recognised as an expense during the year for the Group was RM579,389,394 (2011: RM655,704,468).

Inventories written off recognised as an expense for the Group during the financial year amounted to RM2,026,813 (2011: RM3,461).

Movement in the allowance for slow moving inventories is as follows:

The Group	2012 RM'000	2011 RM'000
Balance at beginning of year	1,870	2,408
Additional allowance recognised during the year	562	1,353
Allowance no longer required	(1,486)	(1,891)
Balance at end of year	946	1,870

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade receivables	113,296	117,491	-	-
Less: Allowance for doubtful debts	(614)	(1,406)	-	-
	112,682	116,085	-	-
Amount owing by ultimate holding company (Note 21)	2,819	3,218	-	-
Amount owing by subsidiary companies (Note 21)	-	-	15,073	13,700
Amount owing by other related companies (Note 21)	14,081	14,640	-	-
Amount owing by other related parties (Note 21)	3,681	3,355	-	-
Other receivables	9,177	17,107	-	-
Net	142,440	154,405	15,073	13,700

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

The credit period granted on sale of goods ranged from 2 to 120 days (2011: 14 to 120 days) whilst tourism related services rendered ranged from 30 to 90 days (2011: 30 to 90 days). No interest is charged on overdue outstanding balance of trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM613,547 (2011: RM1,406,486) and has been determined by reference to past default experience.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

Movement in the allowance for doubtful debts is as follows:

The Group	2012 RM'000	2011 RM'000
Balance at beginning of year	1,406	2,072
Amounts written off during the year as uncollectible	(195)	(211)
Impairment losses recognised on receivables	380	1,205
Impairment losses reversed	(977)	(1,660)
Balance at end of year	614	1,406

Ageing of impaired trade receivables are as follows:

The Group	2012 RM'000	2011 RM'000
Number of days past due:		
61 - 90 days	23	326
Above 90 days	591	1,080
	614	1,406

Ageing of trade receivables and amount owing by other related companies and other related parties which are past due but not impaired as at the end of the reporting period is as follows:

	Trade receivables		Amount owing by other related companies and other related parties	
The Group	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Number of days past due:				
1 - 30 days	33,044	13,485	753	-
31 - 60 days	10,218	3,876	166	-
61 - 90 days	5,047	4,659	150	638
91 - 120 days	841	4,146	214	34
More than 120 days	996	710	12,579	13,704
	50,146	26,876	13,862	14,376

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. The Group has not provided for impairment loss on these trade receivable accounts that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

20. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables of the Group comprise mainly subsidy receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization Scheme, claims receivable from suppliers for promotion expenses incurred on agency products and advance payments to suppliers for trade purchases.

Transactions with related parties are disclosed in Note 21.

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	126,652	141,115	15,073	13,700
United States Dollar	6,274	10,514	-	-
Vietnamese Dong	6,157	-	-	-
Australian Dollar	3,831	3,947	-	-
Singapore Dollar	140	235	-	-
	143,054	155,811	15,073	13,700

21. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary 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 parties		Relationships
Yew Lee Chiong Tin Factory Sdn. Bhd.	)	
Kasjaria-Kim Huat (M) Sdn. Bhd.	)	
Practical Advanced Technology Sdn. Bhd.	)	Subsidiaries of Yee Lee Organization Bhd..
Cranberry (M) Sdn. Bhd.	)	
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.	)	
Multisafe Sdn. Bhd.	)	
Sri Puteh Development Sdn. Bhd.	)	
Unikampar Credit And Leasing Sdn. Bhd.	-	A company in which a director of the Company is a director and has substantial financial interest.
	-	A company in which a director of the Company is a director.
	-	A company in which a director of certain subsidiary companies has substantial financial interest.

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

Names of related parties	Relationships
Multibase Systems Sdn. Bhd.	- A company in which a director of the Company has substantial financial interest. - A company in which a director of certain subsidiary companies has substantial financial interest. - A company in which two directors of certain subsidiary companies are directors.
Uniyelee Insurance Agencies Sdn. Bhd.	- A company in which a director of the Company has substantial financial interest. - A company in which a director of the Company is a director. - A company in which a director of certain subsidiary companies is a director and has substantial financial interest.
Chuan Sin Cactus Sdn. Bhd. Chuan Sin Sdn. Bhd.	- Companies in which a director of the Company is a director and has substantial financial interests. - Companies in which a director of certain subsidiary companies is a director and has substantial financial interests.
Golden PET Industries Sdn. Bhd. Angenet Sdn. Bhd. PET Master Sdn. Bhd.	- Companies in which a director of the Company is a director and has substantial financial interests. - Companies in which a director of certain subsidiary companies has substantial financial interests.
Transport Master Sdn. Bhd. Intan Serantau Sdn. Bhd. Cactus Marketing Sdn. Bhd.	- Companies in which a director of the Company has substantial financial interests. - Companies in which a director of certain subsidiary companies has substantial financial interests.
Uniyelee Service Agencies Sdn. Bhd.	- A company in which a director of the Company has substantial financial interests. - A company in which a director of the Company is a director. - A company in which a director of certain subsidiary companies has substantial financial interests. - A company in which a director of certain subsidiary companies is a director.

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

Names of related parties	Relationships
Uniyelee Sdn. Bhd.	- A company in which two directors of the Company are directors.
	- A company in which a director of certain subsidiary companies is a director and has substantial financial interest.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ultimate holding company				
Interest on advances received	255	253	-	-
Sale of goods	1	-	-	-
Subsidiary companies				
Dividends received (gross)	-	-	3,640	3,430
Purchase of goods	-	-	5	-
Associated company				
Sale of goods	2	-	-	-
Dividends received (gross)	-	-	1,268	1,056
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	123	548	-	-
Sale of goods	98	4	-	-
Professional fees received/receivable	9	-	-	-
Interest on advances received	-	10	-	-
Transportation fees received	-	5	-	-
Kasjaria-Kim Huat (M) Sdn. Bhd.				
Rental received	12	12	-	-
Practical Advanced Technology Sdn. Bhd.				
Maintenance of networking, system, training and management services rendered	1,128	1,206	-	-
Rental on premises received	3	19	-	-
Sale of goods	-	1	-	-

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cranberry (M) Sdn. Bhd.				
Rental on premises received	12	12	-	-
Sale of goods	1	1	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.				
Sale of goods	39	80	-	-
Multisafe Sdn. Bhd.				
Sale of steam	244	1,420	-	-
Sale of goods	804	253	-	-
Transportation fees received/receivable	3	-	-	-
Professional fees received/receivable	-	7	-	-
Sri Puteh Development Sdn. Bhd.				
Sale of goods	1	-	-	-
Other related parties				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	1,649	3,195	-	-
Interest on hire-purchase loans paid	186	586	-	-
Sale of goods	-	-	-	-
Professional fees received/receivable	-	1	-	-
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	40	38	8	7
Sale of goods	1	1	-	-
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,378	1,392	2	4
Professional fees received/receivable	-	1	-	-
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	56	41	-	-

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Chuan Sin Sdn. Bhd.				
Purchase of goods	99,534	83,528	-	-
Sale of goods	5,675	7,235	-	-
Professional fees received/receivable	8	8	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	11,982	12,554	-	-
Sale of goods	401	308	-	-
Transportation fees received	173	155	-	-
Rental on premises paid/payable	72	72	-	-
Professional fees received/receivable	6	6	-	-
Angenet Sdn. Bhd.				
Purchase of goods	4,339	4,847	-	-
Professional fees received/receivable	1	-	-	-
PET Master Sdn. Bhd.				
Sale of goods	6	-	-	-
Transport Master Sdn. Bhd.				
Contract wages paid/payable	998	840	-	-
Sale of goods	6	6	-	-
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	355	506	-	-
Sale of goods	5	7	-	-
Cactus Marketing Sdn. Bhd.				
Sale of goods	60	25	-	-
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	695	715	-	-
Professional fees received/receivable	-	1	-	-
Uniyelee Sdn. Bhd.				
Sale of goods	-	-	-	-

The outstanding balances arising from related party transactions are disclosed in Notes 20, 27 and 29.

The amount owing by/(to) related parties are unsecured, interest-free, repayable on demand and will be settled in cash. Certain of the advances granted to related companies bear interest rate of 8.00% (2011: 8.00%) per annum. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owing by related parties.

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

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 includes members of senior management of the Group.

The remuneration of directors are disclosed in Note 8. The remuneration of other members of key management personnel of the Group during the year are as follows:

	The Group	
	2012 RM'000	2011 RM'000
Short-term employee benefits	1,256	1,292
Post-employment benefits - Defined contribution plan	131	149
Equity-settled share-based payments	70	-
	1,457	1,441

The estimated monetary value of benefits-in-kind received and receivable by the members of key management personnel otherwise than in cash from the Group amounted to RM40,500 (2011: RM36,200).

22. OTHER ASSETS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits	1,667	6,100	2	2
Prepaid expenses	1,374	1,726	2	2
	3,041	7,826	4	4

Included in deposits of the Group in 2011 are deposits paid for the acquisition of a piece of land in Vietnam amounted to RM4,300,517.

23. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed banks	14,404	4,564	-	-
Cash on hand and at banks	21,622	23,089	25	5
	36,026	27,653	25	5

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

Fixed deposits amounting to RM10,000 (2011: RM10,000) have been pledged to a licensed bank as security for bank guarantees granted to a subsidiary company.

The effective interest rate for deposits ranged from 2.50% to 9.00% (2011: 0.50% to 3.05%) per annum. The deposits have maturity period ranging from 5 days to 365 days (2011: 4 days to 365 days).

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	27,649	23,118	25	5
Australia Dollar	3,633	3	-	-
Vietnamese Dong	3,365	1,426	-	-
United States Dollar	1,377	3,104	-	-
Singapore Dollar	1	1	-	-
Euro	1	1	-	-
	36,026	27,653	25	5

24. SHARE CAPITAL

		← The Group and The Company →			
	Par value RM	2012 Number of ordinary shares '000	2011 Number of ordinary shares '000	2012 RM'000	2011 RM'000
Authorised:					
At beginning and end of year	0.50	200,000	200,000	100,000	100,000
Issued and fully paid:					
At beginning of year	0.50	175,572	175,572	87,786	87,786
Issuance of shares - exercise of ESOS	0.50	15	-	7	-
At end of year	0.50	175,587	175,572	87,793	87,786

The Company increased its issued and paid-up ordinary share capital during the financial year by the issuance of 15,000 new ordinary shares of RM0.50 each pursuant to the exercise of Executives' Share Option Scheme of the Company.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

25. RESERVES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable reserves:				
Share premium	4	-	4	-
Property revaluation reserve	53,529	55,067	-	-
Investment revaluation reserve	(8)	(9)	167,840	136,352
Translation reserve	(1,804)	(1,225)	-	-
Capital reserves	1,362	1,060	-	-
Equity-settled employee benefits reserve	736	-	736	-
	53,819	54,893	168,580	136,352
Distributable reserve:				
Retained earnings	147,403	127,127	25,823	24,921

(a) Share premium

Share premium of RM4,200 arose from exercise of share options of 15,000 ordinary shares issued at a premium of RM0.28 per ordinary share during the financial year.

(b) Property revaluation reserve

The property revaluation reserve of the Group arises from the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the property revaluation reserve that relates to the disposed asset is effectively realised, and is transferred directly to retained earnings.

(c) Investment revaluation reserve

The investment revaluation reserve of the Group and of the Company arise from changes in fair values of the investments. When the investments are disposed of, the portion of the reserve that relates to the disposed investments is effectively realised, and is transferred directly to income statement.

(d) Translation reserve

Exchange differences relating to the translation from the functional currency of the foreign subsidiary of the Group into Ringgit Malaysia are brought to account by entries made directly to the foreign currency translation reserve.

(e) Capital reserves

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

(f) 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 32.

25. RESERVES (CONT'D)

(g) Retained earnings

The Company has not opted to disregard the Section 108 tax credit balance in accordance with the Finance Act, 2007. The Company may utilise the Section 108 tax credit balance which has been frozen as of December 31, 2007 to frank dividend payments during the six-year transitional period. Based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax-exempt accounts balances to frank dividends out of its entire retained earnings as of December 31, 2012.

26. BORROWINGS

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Unsecured:				
Bankers' acceptances	81,395	117,728	-	-
Revolving credits	16,000	16,000	1,000	1,000
Term loans	11,844	14,005	-	-
Bank overdrafts	9,631	11,424	-	615
Trust receipts	436	330	-	-
Secured:				
Hire-purchase payables (Note 27)	2,444	2,119	-	-
	121,750	161,606	1,000	1,615
Less: Amount due within 12 months (shown under current liabilities)	(111,879)	(149,524)	(1,000)	(1,615)
Non-current portion	9,871	12,082	-	-

The non-current portion is repayable as follows:

	The Group	
	2012 RM'000	2011 RM'000
Financial years ending December 31:		
2013	-	3,975
2014	3,771	2,988
2015	2,739	2,152
2016	1,793	1,516
2017 and above	1,568	1,451
	9,871	12,082

26. BORROWINGS (CONT'D)

The Group has eight (8) term loans:

(a) A ten (10) year term loan of RM2,100,000 (2011: RM2,100,000) which is repayable by 120 equal monthly instalments commencing December, 2007;

(b) A five (5) year term loan of RM1,200,000 (2011: RM1,200,000) which is repayable by 60 equal monthly instalments commencing September, 2008;

(c) A five (5) year term loan of RM1,500,000 (2011: RM1,500,000) which is repayable by 60 equal monthly instalments commencing May, 2009;

(d) A ten (10) year term loan of RM4,887,500 (2011: RM4,887,500) which is repayable by 120 equal monthly instalments commencing March, 2010;

(e) A seven (7) year term loan of RM4,000,000 (2011: RM4,000,000) which is repayable by 84 equal monthly instalments commencing May, 2010;

(f) A seven (7) year term loan of RM6,000,000 (2011: RM6,000,000) which is repayable by 84 equal monthly instalments commencing November, 2010;

(g) A five (5) year term loan of RM1,000,000 (2011: RM1,000,000) which is repayable by 60 equal monthly instalments commencing November 11, 2010; and

(h) A five (5) year term loan of RM993,000 (2011: Nil) which is repayable by 60 equal monthly instalments commencing July, 2012.

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2012	2011	2012	2011
	%	%	%	%
Bankers' acceptances	3.37	3.45	-	-
Revolving credits	4.34	4.35	4.25	4.35
Term loans	6.29	6.48	-	-
Bank overdrafts	7.62	7.52	7.60	7.47
Trust receipts	6.85	6.85	-	-

The credit facilities of the Group and of the Company of RM349,354,000 and RM2,000,000 (2011: RM347,015,000 and RM2,000,000) respectively are guaranteed by the Company.

27. HIRE-PURCHASE PAYABLES

The Group

	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	1,287	1,185	1,175	1,050
In the second to fifth year inclusive	1,389	1,132	1,269	1,069
	2,676	2,317	2,444	2,119
Less: Future finance charges	(232)	(198)	-	-
Present value of hire-purchase payables	2,444	2,119	2,444	2,119
Less: Amount due within 12 months (shown under current liabilities)			(1,175)	(1,050)
Non-current portion			1,269	1,069

The non-current portion is repayable as follows:

	The Group	
	2012 RM'000	2011 RM'000
Financial years ending December 31:		
2013	-	729
2014	801	340
2015	395	-
2016	73	-
	1,269	1,069

As of December 31, 2012, hire-purchase obligations of the Group payable to a related party amounted to RM2,373,216 (2011: RM2,118,486).

The terms for hire-purchase ranged from 2 to 5 years (2011: 2 to 5 years). For the financial year ended December 31, 2012, the effective hire-purchase interest rates ranged from 3.51% to 8.77% (2011: 3.40% to 8.59%) 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 guaranteed by the Company.

28. DEFERRED TAX LIABILITIES

The Group	At beginning of year RM'000	Recognised in income statement RM'000	At end of year RM'000
2012			
Deferred tax liabilities			
Property, plant and equipment	(8,416)	(576)	(8,992)
Property revaluation reserve	(12,864)	718	(12,146)
Unrealised gain on foreign exchange	(26)	26	-
Investment properties	(63)	3	(60)
	(21,369)	171	(21,198)
Deferred tax assets			
Allowance for slow moving inventories	446	(209)	237
Unabsorbed capital allowances and unutilised tax losses	-	563	563
Allowance for doubtful debts	56	(8)	48
Unrealised loss on foreign exchange	-	29	29
Other payables and accrued expenses	14	(14)	-
	516	361	877
The Group 2011			
Deferred tax liabilities			
Property, plant and equipment	(8,605)	192	(8,413)
Property revaluation reserve	(13,161)	296	(12,865)
Unrealised gain on foreign exchange	(40)	14	(26)
Investment properties	(67)	3	(64)
	(21,873)	505	(21,368)
Deferred tax assets			
Allowance for slow moving inventories	-	446	446
Allowance for doubtful debts	-	56	56
Other payables and accrued expenses	88	(74)	14
	88	428	516

28. DEFERRED TAX LIABILITIES (CONT'D)

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

The Group	2012 RM'000	2011 RM'000
Deferred tax assets	877	516
Deferred tax liabilities	(21,198)	(21,368)
	(20,321)	(20,852)

Unrecognised deferred tax assets

The Group	2012 RM'000	2011 RM'000
Deferred tax assets not recognised at the reporting period:		
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	42,172	41,191

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 generally recognised to the extent that it is probable that future taxable profits will be available against which unutilised tax losses and unabsorbed agricultural and tax capital allowances can be utilised.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade payables	34,708	39,033	-	-
Amount owing to ultimate holding company (Note 21)	319	2	-	-
Amount owing to subsidiary companies (Note 21)	-	-	10,967	9,857
Amount owing to other related companies (Note 21)	191	474	-	-
Amount owing to other related parties (Note 21)	46,160	38,741	-	-
Other payables	10,685	11,702	26	-
	92,063	89,952	10,993	9,857

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

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	85,062	86,823	10,993	9,857
United States Dollar	5,707	2,763	-	-
Vietnamese Dong	833	-	-	-
Euro	226	32	-	-
Singapore Dollar	210	313	-	-
Great Britain Pound	25	21	-	-
	92,063	89,952	10,993	9,857

29. TRADE AND OTHER PAYABLES (CONT'D)

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit period granted to the Group for trade purchases ranged from 30 to 120 days (2011: 30 to 120 days). No interest is charged on overdue outstanding balances of trade payables.

The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and repayable on demand.

Transactions with related parties are disclosed in Note 21.

30. OTHER LIABILITIES

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits received	495	258	-	-
Accrued expenses	15,809	14,101	171	160
	16,304	14,359	171	160

31. DIVIDEND

	The Group and The Company	
	2012 RM'000	2011 RM'000
First and final dividend paid:		
- 2.5 sen per share, less tax for 2011 (2011: 2.5 sen per share, less tax for 2010)	3,292	3,292

A first and final dividend of 2.5 sen per share, less tax, 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 2.0 sen per share, less tax and 0.5 sen per share, tax-exempt, in respect of the current financial year. This 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.

32. 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, Executive Directors and Non-Executive Directors ("Eligible Executives") of the Company and its subsidiaries, which are not dormant. The ESOS is administered by the ESOS Committee and governed by a set of by-laws.

32. SHARE-BASED PAYMENTS (CONT'D)

The implementation of the ESOS primarily serves to align the interests of the Eligible Executives to the corporate goals of Yee Lee Group. The ESOS will provide the Eligible Executives with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:

(i) To recognise the contribution of the Eligible Executives whose services are valued and considered vital to the operations and continued growth of the Group;

(ii) To motivate the Eligible Executives towards improved performance through greater productivity and loyalty;

(iii) To inculcate a greater sense of belonging and dedication as the Eligible Executives are given the opportunity to participate directly in the equity of the Company;

(iv) To retain the Eligible Executives, hence ensuring that the loss of key personnel is kept to a minimum level; and

(v) To reward the Eligible Executives by allowing them to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Company's shares.

The Board of Directors is of the view that the Non-Executive Directors play a constructive role in contributing towards the growth and performance of the Group. Therefore, in recognition of their contribution to the Group, the ESOS is also extended to the Non-Executive Directors to allow them to participate in the equity of the Company as an incentive as they discharge important functions in providing strategic direction and guidance for the Group, and their experience, services and contributions are valued by the Group.

The salient features of the ESOS are as follows:

1. Maximum number of Yee Lee Shares available under the ESOS

   The total number of new Yee Lee Shares, which may be allotted pursuant to the ESOS shall not exceed in aggregate 10% of the total issued and paid-up share capital of the Company at any point in time during the existence of the ESOS.

2. Basis of allotment and maximum allowable allotment

   The maximum number of new Yee Lee Shares that may be offered to an Eligible Executive shall be determined at the discretion of the ESOS Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the Eligible Executive, subject to the following:

   a. The Directors and senior management do not participate in the deliberation or discussion of their own allocation;

   b. The allocation to an Eligible Executive, who either singly or collectively, through persons connected to the Eligible Executive, holds 20% or more of the issued and paid-up share capital of the Company, must not exceed 10% of the new Yee Lee Shares available under the ESOS; and

   c. Not more than 55% of the new Yee Lee Shares available under the ESOS shall be allocated in aggregate to the Directors and senior management of the Company and its subsidiaries, which are not dormant.

32. SHARE-BASED PAYMENTS (CONT'D)

3. Eligibility

Only executive employees, Executive Directors and Non-Executive Directors of the Company and its subsidiaries, which are not dormant, who meet the following conditions as at the date of offer are eligible to participate in the ESOS:

a. Executive employees

i. be at least 18 years of age;
ii. confirmed in service in the Company and/or its subsidiaries, which are not dormant;
iii. is employed for a continuous period of at least one (1) year in the Company and/or its subsidiaries, which are not dormant; and
iv. be under such categories of employees that are classified as executives by the Company and complies with such criteria that the ESOS Committee may decide at its absolute discretion from time to time.

b. Executive Director and Non-Executive Director

An Executive Director or Non-Executive Director who has held office for at least one (1) year in the Company and/or its subsidiaries, which are not dormant, and who is not prohibited or disallowed by the relevant authorities from participating in the ESOS.

The entitlement of directors of the Company under the ESOS must be approved by shareholders of the Company in a general meeting.

The selection of any Eligible Executive to participate in the ESOS shall be at the absolute discretion of the ESOS Committee and the decision of the ESOS Committee shall be binding and final.

Save for the aforesaid eligibility conditions and in accordance with the by-laws, an Eligible Executive is not subject to any other conditions and/or performance targets to be eligible for participation in the ESOS.

4. Duration

The ESOS shall be in force for a period of five (5) years commencing August 17, 2012 and will expire on August 16, 2017.

Option not exercised upon expiry of the ESOS on August 16, 2017 shall become null and void.

5. 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.

32. SHARE-BASED PAYMENTS (CONT'D)

6. Amendments and/or modifications

Subject to the compliance with the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the ESOS Committee may, at any time and from time to time, recommend to the Board of Directors any additions and amendments to or deletions of the by-laws as it shall in its discretion think fit and the Board of Directors shall have the power by resolution to add to, amend or delete all of any of the by-laws upon such recommendation provided that no additions or amendments to or deletion of the by-laws shall be made which will:

a. Prejudice any rights of the shareholders of the Company without the prior approval of the shareholders of the Company in a general meeting; or

b. Alter to the advantage of any Eligible Executive in respect of any matters which are required to be contained in the by-laws (or any amendments subsequent thereto) by virtue of the Listing Requirements, without the prior approval of the shareholders of the Company in a general meeting unless otherwise allowed by the provisions of the Listing Requirements.

Where any amendments and/or modifications are made to the by-laws, the Company shall submit to Bursa Securities, the amendments and/or modifications to the by-laws and a confirmation letter that the amendments and/or modifications complies with the provisions of the guidelines on ESOS stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendments and/or modifications.

7. Alteration of share capital

In the event of any alteration in the capital structure of the Company during the ESOS option period, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, reduction of capital, subdivision or consolidation of Yee Lee Shares, or otherwise howsoever arising, corresponding adjustments, if any, shall be made either in the number of new Yee Lee Shares comprised in the ESOS option not exercised and/ or the subscription price in such manner as the ESOS Committee may decide provided that:

a. The adjustment other than arising from a bonus issue must be confirmed in writing by the external auditors for the time being of the Company to be in their opinion (acting as experts and not as arbitrators) fair and reasonable; and

b. No adjustment to the subscription price shall be made which would result in the new Yee Lee Shares being issued at a discount to the par value of Yee Lee Shares and if such an adjustment would but for this provision have so resulted, the subscription price payable for such new Yee Lee Shares shall be the par value of Yee Lee Shares.

The aforesaid adjustments shall be made in accordance with the formulas as set out in First Schedule attached to the by-laws and on the day immediately following the books closure date for the event giving rise to the adjustments.

32. SHARE-BASED PAYMENTS (CONT'D)

8. Ranking of the ESOS option and new Yee Lee Shares arising from the exercise of the ESOS option

The Grantees will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in the Company until and unless such Grantees exercise their ESOS option into new Yee Lee Shares.

The new Yee Lee Shares arising from the exercise of the ESOS option shall, upon allotment and issuance, rank pari passu in all aspects with the then existing issued and paid-up ordinary shares of the Company, except that the new Yee Lee Shares will not be entitled to any distribution declared, made or paid to shareholders, for which the entitlement date for the distribution precedes the date of which the new Yee Lee Shares are credited into the Central Depository System account with Bursa Malaysia Depository Sdn. Bhd. of the Grantees. The new Yee Lee Shares will be subject to all provisions of the Memorandum and Articles of Association of the Company and such amendments thereafter, if any.

9. Holding of the ESOS option and new Yee Lee Shares

Pursuant to the Listing Requirements, an eligible Director who is a Non-Executive Director shall not sell, transfer and/or assign the new Yee Lee Shares obtained through the exercise of the ESOS option offered to him/her within one (1) year from the Date of Offer.

Save for the Non-Executive Directors, the new Yee Lee Shares allotted and issued to the Grantees pursuant to the exercise of the ESOS option will not be subject to any holding period or restriction on transfer, disposal and/ or assignment.

10. Listing of and quotation for the new Yee Lee Shares

The approval has been obtained from Bursa Malaysia Securities Berhad vide its letter dated May 29, 2012 for the listing of and quotation for the new Yee Lee Shares to be issued arising from the exercise of the ESOS option on the Main Market of Bursa Securities.

Details of the share options granted, exercised and lapsed during the financial year are as follows:

				No. of options over ordinary shares of RM0.50 each				
Date of grant	**Expiry date**	**Exercise price per ordinary share RM**	**Fair value at grant date RM**	**Balance as of 1.1.2012 '000 units**	**Granted '000 units**	**Lapsed '000 units**	**Exercised '000 units**	**Balance as of 31.12.2012 '000 units**
17.8.2012	16.8.2017	0.78	0.1921	-	4,073	(226)	(15)	3,832

All the share options vested on the date of grant.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who have been granted options under the ESOS for less than 62,000 ordinary shares each.

32. SHARE-BASED PAYMENTS (CONT'D)

10. Listing of and quotation for the new Yee Lee Shares (cont'd)

Other than the Executive Directors and Non-Executive Directors whose interests are disclosed separately in Directors' Interest, Eligible Executives who have been granted options under the ESOS for and in excess of 62,000 ordinary shares of RM0.50 each are as follows:

	Number of options over ordinary shares of RM0.50 each			
	Balance as of 1.1.2012	Granted	Exercised	Balance as of 31.12.2012
Mr. Lee Kon Cheng	-	82,500	-	82,500
Mr. Lim Kim Kow	-	82,500	-	82,500
Mr. Wong Hung	-	75,000	-	75,000
Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon	-	75,000	-	75,000
Ms. Ooi Guat Ee	-	72,500	-	72,500
Mr. Goh Mung Chwee	-	62,500	-	62,500
Mr. Yap Sin Kheong	-	62,500	-	62,500
Mr. Seow Soon Hoo	-	62,500	-	62,500

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 one year, expected dividend yield based on dividend declared in year 2011 and 2012 and risk-free rate at grant date.

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Financial assets				
Loans and receivables:				
Trade and other receivables	142,440	154,405	15,073	13,700
Refundable deposits	572	451	-	-
Deposits, cash and bank balances	36,026	27,653	25	5
Available-for-sale:				
Investments in subsidiary companies	-	-	249,345	217,154
Other investments	12	11	-	-
Financial liabilities				
Other financial liabilities:				
Trade and other payables	92,063	89,952	10,993	9,857
Borrowings	121,750	161,606	1,000	1,615
Accrued expenses	15,809	14,101	171	160

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS 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 monitor 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 and 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"), Euro ("Euro"), Great Britain Pound ("GBP") and Vietnam Dong ("VDN") 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 reporting period are disclosed in Notes 20, 23 and 29.

Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of USD, AUD and VDN. The management considers that the impact of other currencies to be minimal.

The following table details the sensitivity of the Group to a 1% (2011: 1%) increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1% (2011: 1%) is used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% (2011: 1%) change in foreign currency rates. A positive number below indicates an increase in profit after tax where RM weakens by 1% (2011: 1%) against the respective currencies. For a 1% (2011: 1%) 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	Income statement		Other equity	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
USD impact	15	49	-	11
AUD impact	56	31	-	-
VDN impact	-	-	65	-

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

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.

(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

The Group's investments in quoted shares comprise other 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 other investments held as shown in Note 17. Therefore, sensitivity analysis for price risk of quoted investments is not disclosed.

Unquoted equity investments

The sensitivity analysis below has been determined based on the Company's exposure to equity price risks at the end of the reporting period.

As explained in Note 15, the fair values of investments in subsidiary companies are determined using Free Cash Flow to Equity valuation technique by forecasting free cash flow to equity and discounting these cash flows at an appropriate discount rate.

The following shows the impact on the Company's investment revaluation reserve if there are changes in the growth rates and discount rates used in the valuation. A negative figure indicates a decrease in investment revaluation reserve while a positive figure indicates an increase in the investment revaluation reserve:

	2012 RM'000	2011 RM'000
Increase in growth rate by 1.00% (2011: 1.00%)	56,884	46,874
Decrease in growth rate by 1.00% (2011: 1.00%)	(43,771)	(35,991)
Decrease in discount rate by 3.00% (2011: 3.00%)	51,233	198,785
Increase in discount rate by 3.00% (2011: 3.00%)	(39,155)	(88,742)

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

In both scenarios, the Company's net profit for the year ended December 31, 2012 would have been unaffected as the equity investments are classified as available-for-sale financial assets.

(iii) 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 of 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 3 to 10 basis points (2011: 21 to 41 basis points), with all other variables held constant, the Group's and the Company's profit net of tax would have been RM38,143 and RM750 (2011: RM598,702 and RM4,361) respectively lower/higher arising mainly as a result of higher/lower interest expense on floating rate borrowings. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

(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 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 which 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.

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

Receivables (cont'd)

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly subsidy receivable from the Government under the Cooking Oil Price Stabilization Scheme, claims receivable from suppliers for promotion expenses incurred on agency products 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 20.

Amount Due From Related Companies and Other Related Parties

The Group undertook trade transactions with other related companies and other related parties and credit period ranging from 60 to 120 days was set. The Company provided unsecured advances to subsidiaries and there are no fixed repayment terms imposed on amount due from subsidiaries as the credit risk is managed on a Group basis by the management of Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiaries, is minimal.

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 subsidiaries, other related companies and other related parties are not recoverable.

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiary companies. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary companies.

The maximum exposure to credit risk amounts to RM349,727,000 (2011: RM356,733,000) representing the limit of credit and hire-purchase facilities of the subsidiary companies as of the end of the reporting period.

At the end of the financial period, there was no indication that the subsidiary companies 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 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.

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) *Liquidity and cash flow risks (cont'd)*

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by its 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 RM230,048,000 and RM1,000,000 (2011: RM187,528,000 and RM385,000) 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.

The maturity profile of the Group's and of the Company's non-derivative financial assets and financial liabilities at the reporting period based on contractual undiscounted repayment obligations are as follows:

The Group 2012	**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	142,440	-	-	142,440
Refundable deposits	572	-	-	572
Other investments	-	-	12	12
Deposits, cash and bank balances	36,026	-	-	36,026
Total undiscounted non-derivative financial assets	179,038	-	12	179,050
Non-derivative financial liabilities:				
Trade and other payables	92,063	-	-	92,063
Borrowings	113,037	11,007	-	124,044
Accrued expenses	15,809	-	-	15,809
Total undiscounted non-derivative financial liabilities	220,909	11,007	-	231,916
Total net undiscounted non-derivative financial liabilities	(41,871)	(11,007)	12	(52,866)

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) *Liquidity and cash flow risks (cont'd)*

The Group 2011	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	154,405	-	-	154,405
Refundable deposits	451	-	-	451
Other investments	11	-	-	11
Deposits, cash and bank balances	27,653	-	-	27,653
Total undiscounted non-derivative financial assets	182,520	-	-	182,520
Non-derivative financial liabilities:				
Trade and other payables	89,952	-	-	89,952
Borrowings	151,226	13,673	37	164,936
Accrued expenses	14,101	-	-	14,101
Total undiscounted non-derivative financial liabilities	255,279	13,673	37	268,989
Total net undiscounted non-derivative financial liabilities	(72,759)	(13,673)	(37)	(86,469)
The Company 2012				
Non-derivative financial assets:				
Investments in subsidiary companies	-	-	249,345	249,345
Trade and other receivables	15,073	-	-	15,073
Cash and bank balances	25	-	-	25
Total undiscounted non-derivative financial assets	15,098	-	249,345	264,443
Non-derivative financial liabilities:				
Trade and other payables	10,993	-	-	10,993
Borrowings	1,000	-	-	1,000
Accrued expenses	171	-	-	171
Total undiscounted non-derivative financial liabilities	12,164	-	-	12,164
Total net undiscounted non-derivative financial assets	2,934	-	249,345	252,279

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) *Liquidity and cash flow risks (cont'd)*

The Company 2011	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:				
Investments in subsidiary companies	-	-	217,154	217,154
Trade and other receivables	13,700	-	-	13,700
Cash and bank balances	5	-	-	5
Total undiscounted non-derivative financial assets	13,705	-	217,154	230,859
Non-derivative financial liabilities:				
Trade and other payables	9,857	-	-	9,857
Borrowings	1,615	-	-	1,615
Accrued expenses	160	-	-	160
Total undiscounted non-derivative financial liabilities	11,632	-	-	11,632
Total net undiscounted non-derivative financial assets	2,073	-	217,154	219,227

(d) *Capital risk management*

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2011.

The capital structure of the Group and of the Company consist of net debt and equity of the Group and of the Company.

Fair Values of Financial Assets and Financial Liabilities

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:

	Foreign currency		Notional value		Fair value	
	2012 '000	2011 '000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Outstanding contracts						
Sell USD	410	311	1,253	993	1	7

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management (cont'd)

The fair values are calculated by reference to the current rates for contracts with similar maturity profiles. The management does 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 of the Group are 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 of the Group are 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 value of unquoted and quoted investments classified as available-for-sale are disclosed in Notes 15 and 17 respectively.

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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Other investments	12	-	-	12
2011				
Other investments	11	-	-	11

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(d) Capital risk management (cont'd)

Company

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2012				
Investments in subsidiary companies	-	-	249,345	249,345
2011				
Investments in subsidiary companies	-	-	217,154	217,154

There were no movements in the Level 3 fair value measurements during the financial year.

Reconciliation of Level 3 fair value measurements of financial assets

Company

	Available-for-sale financial assets Investments in subsidiary companies	
	2012 RM'000	2011 RM'000
At beginning of year	217,154	211,577
Additions arising from shares options granted	703	-
Total gain recognised in other comprehensive income	31,488	5,577
At end of year	249,345	217,154

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. The effects of changing one or more of the assumptions used are disclosed above under equity price sensitivity analysis for unquoted equity investments.

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by changing the growth rates and discount rates used in Free Cash Flow to Equity valuation technique based on the probability of the Company's changes of possible outcomes.

34. 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	
	2012 RM'000	2011 RM'000
Cash purchase	9,096	7,439
Deposit paid in prior year	4,300	-
Hire-purchase financing	1,728	3,195
Depreciation of property, plant and equipment capitalised	227	200
Finance costs capitalised	18	-
	15,369	10,834

The principal amounts of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

(b) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include deposits, cash on hand and at banks and net of outstanding bank overdrafts. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits	14,404	4,564	-	-
Cash and bank balances	21,622	23,089	25	5
Bank overdrafts	(9,631)	(11,424)	-	(615)
	26,395	16,229	25	(610)
Less: Fixed deposits pledged to a licensed bank	(10)	(10)	-	-
	26,385	16,219	25	(610)

35. COMMITMENTS

As of December 31, 2012, the Group has the following commitments in respect of property, plant and equipment:

	The Group	
	2012 RM'000	2011 RM'000
Capital expenditure:		
Approved and contracted for	386	1,748

36. 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	
	2012 RM'000	2011 RM'000
Within one year	2,610	2,302
In the second to fifth year	1,637	1,928
	4,247	4,230

Operating lease payments represent rentals payable by the Group for leasehold land, photostat machine, warehouse and hostels. Leases are negotiated for terms which range from one to ten years (2011: one to ten years) with an option to renew the lease after that date.

37. SUPPLEMENTARY INFORMATION - DISCLOSURE ON REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as of December 31, 2012 into realised and unrealised profits or losses, pursuant to the directive issued by Bursa Malaysia Securities Berhad on March 25, 2010, is as follows:

	The Group		The Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiary companies				
Realised	136,291	118,812	25,823	24,921
Unrealised	(8,115)	(7,925)	-	-
Total share of retained earnings from associated company				
Realised	16,874	13,795	-	-
	145,050	124,682	25,823	24,921
Add: Consolidation adjustments	2,353	2,445	-	-
Total retained earnings as per statements of financial position	147,403	127,127	25,823	24,921

The determination of realised and unrealised profits or losses is based on Guidance of Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements" as issued by the Malaysian Institute of Accountants on December 20, 2010.

This supplementary information have been made solely for complying with the disclosure requirements as stipulated in the directives of Bursa Malaysia and is not made for any other purposes.

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 Financial Reporting Standards and the provisions of the Companies Act, 1965 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, 2012 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors,

Y. BHG. DATO' LIM A HENG @ LIM KOK CHEONG, JSM, DPMP, JP
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
April 11, 2013

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

Subscribed and solemnly declared by the abovenamed
MR. YAP SIN KHEONG at **IPOH** this 11th day of April, 2013.

Before me,

ENCIK MOHD YUSOF BIN HARON, KPP, PNPBB, PJK
NO:A112
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 7, 2013

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM88,033,100.00
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders		Number of Issued Shares	
	Number	%	Number	%
Less than 100 shares	100	2.90	6,052	0.00
100 to 1,000 shares	279	8.09	158,663	0.09
1,001 to 10,000 shares	1,956	56.73	10,666,782	6.06
10,001 to 100,000 shares	1,019	29.55	27,545,842	15.65
100,001 to less than 5% of issued shares	93	2.70	45,893,009	26.07
5% and above of issued shares	1	0.03	91,795,852	52.14
Total	**3,448**	**100.00**	**176,066,200**	**100.00**

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd ("**YLO**")	96,851,282	55.01	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	4,089,627	2.32	99,019,643 [a]	56.24
3. Datin Chua Shok Tim @ Chua Siok Hoon	1,039,959	0.59	102,055,945 [b]	57.96
4. Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	20,350	0.01	96,851,282 [c]	55.01
5. Uniyelee Sdn Bhd ("**UYL**")	193,295	0.11	96,875,277 [d]	55.02
6. Yeleta Holdings Sdn Bhd ("**YH**")	316,725	0.18	97,088,922 [e]	55.14
7. Young Wei Holdings Sdn Bhd ("**YW**")	7,000	**	97,405,647 [f]	55.32

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 6A of the Companies Act, 1965 ("**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 6A of the Act.

[c] Deemed interest held through YLO pursuant to Section 6A of the Act.

[d] Deemed interest held through Uniyelee Insurance Agencies Sdn Bhd and YLO pursuant to Section 6A of the Act.

[e] Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.

[f] Deemed interest held through YH pursuant to Section 6A of the Act.

** Negligible

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 134 of the Act are as follows:-

SHARES IN THE COMPANY

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	2,978,614	1.69	540,000 [a]	0.31
2. Dato' Lim A Heng @ Lim Kok Cheong	4,089,627	2.32	99,019,643 [b]	56.24
3. Thang Lai Sung	24,263	0.01	-	-
4. Chok Hooa @ Chok Yin Fatt	136,532	0.08	-	-
5. Lim Ee Young	547,653	0.31	14,000 [c]	0.01
6. Mohd Adhan bin Kechik	46,664	0.03	-	-
7. Lee Kee Hong	25,312	0.01	-	-
8. Sow Yeng Chong	56,000	0.03	1,150 [c]	**

Notes:-

[a] Deemed interest by virtue of the shares held by his children in the Company pursuant to Section 6A of the Act.
[b] 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 6A of the Act.
[c] Deemed interest by virtue of the shares held by his spouse in the Company pursuant to Section 6A of the Act.
** Negligible

SHARES IN THE HOLDING COMPANY, YEE LEE ORGANIZATION BHD

Name of Directors	Direct Interest		Deemed Interest	
	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	7,962,403 [a]	72.39
2. Thang Lai Sung	1,716	0.02	-	-
3. Lim Ee Young	31,614	0.29	-	-
4. Lee Kee Hong	19,800	0.18	-	-

Notes:-

[a] Deemed interest by virtue of his shareholdings in YW and UP, and the shares held by his spouse and children in YLO pursuant to Section 6A 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 MAY 7, 2013

TOP THIRTY SECURITIES ACCOUNT HOLDERS

	Shareholders	Number of Issued Shares	% of Issued Shares
1.	Yee Lee Organization Bhd	91,795,852	52.14
2.	Yee Lee Organization Bhd	5,055,430	2.87
3.	Lim A Heng @ Lim Kok Cheong	4,089,627	2.32
4.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	3,995,700	2.27
5.	Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	2,978,614	1.69
6.	Teo Kwee Hock	2,446,200	1.39
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Kuan Peng Ching @ Kuan Peng Soon	1,701,500	0.97
8.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	1,660,840	0.94
9.	Nik Mohamad Pena bin Nik Mustapha	1,620,000	0.92
10.	Jailani bin Abdullah	1,438,264	0.82
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Yung Ting	1,385,000	0.79
12.	Lai Ka Chee	1,295,232	0.74
13.	Wong Shak On	1,174,000	0.67
14.	Chua Shok Tim @ Chua Siok Hoon	1,039,959	0.59
15.	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	847,000	0.48
16.	Lim Ee Young	547,653	0.31
17.	Wong Wun Pen @ Wong Voon Phew	483,700	0.27
18.	Cheong Chee Hong	395,200	0.22
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling	380,000	0.22
20.	Cheong You Chin	371,700	0.21
21.	Lim Ah Dek	338,780	0.19
22.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Ka Kian	318,000	0.18
23.	Yeleta Holdings Sdn Bhd	316,725	0.18
24.	Wong Hock Kik @ Wong Ho Lick	315,900	0.18
25.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamed Zameel bin Mohamed Hussain	310,000	0.18
26.	Au Yang Tuan Kah	280,000	0.16
27.	Chek Hup Holding Sdn Bhd	280,000	0.16
28.	Kwek Soo Siong	256,664	0.15
29.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Balraaj Singh A/L Tarlachon Singh	245,000	0.14
30.	Key Development Sdn Berhad	242,900	0.14
	Total	127,605,440	72.49

TOP 10 PROPERTIES OF THE GROUP

AS AT DECEMBER 31, 2012

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	12	14,729/ 12,274	31.12.2009	29,173
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	31	8,314,820/ 13,492	31.12.2009	19,700
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	37	34,368/ 18,967	31.12.2009	17,697
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	1,300,397	31.12.2009	16,282
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	28	150,625/ 11,637	31.12.2009	15,264
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	31.12.2009	9,240
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	16	10,866/ 7,441	31.12.2009	9,028
Plot 151a, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, Mukim 13, 14100 S.P.T. Pulau Pinang	Leasehold 60 years	Single storey warehouse and 2-storey office	5	13,520/ 5,504	31.12.2009	7,671
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	31.12.2009	6,000
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	37	16,291/ 10,955	31.12.2009	5,001

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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, Identity Card number/Company number)

of _____
(Address)

being a Member of YEE LEE CORPORATION BHD, hereby appoint _____
(Full name in block letters, Identity Card number/Company number)

_____

of _____
(Address)

or failling whom, _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Fortieth Annual General Meeting of the Company to be held on Thursday, June 27, 2013 at 11.00 a.m. at Pusing Hall, Level 3, Kinta Riverfront Hotel and Suites, B-1-1, Kinta Riverfront, Jalan Lim Bo Seng, 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 approve the payment of Directors' fees		
3.	To re-elect Dato' Lim A Heng @ Lim Kok Cheong as Director		
4.	To re-elect Chok Hooa @ Chok Yin Fatt as Director		
5.	To re-appoint Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff as Director		
6.	To re-appoint Thang Lai Sung as Director		
7.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
8.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	To approve the Proposed Shareholders' Mandate		
10.	Continuing in Office for Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff as an Independent Non-Executive Director		
11.	Continuing in Office for Y.B. Mohd Adhan Bin Kechik as an Independent Non-Executive Director		
12.	Continuing in Office for Lee Kee Hong as an Independent Non-Executive Director		
13.	To approve the Proposed Amendments		

Dated this _____ day of June 2013.

_____
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 and Section 149(1)(b) of the Companies Act, 1965 shall not apply to 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 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 forty-eight (48) hours before the time appointed for holding the meeting.

(vi) Only a depositor whose name appears on the Record of Depositors as at June 20, 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

Fold here to seal

STAMP

THE COMPANY SECRETARY
YEE LEE CORPORATION BHD
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan

Fold here to seal

YEE LEE CORPORATION BHD (13585-A)

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

Tel : 605 2911 055
Fax : 605 2919 962

www.yeelee.com.my