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

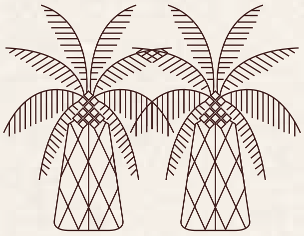
Seamless Integration

Annual Report 2013

OUR VALUE CHAIN

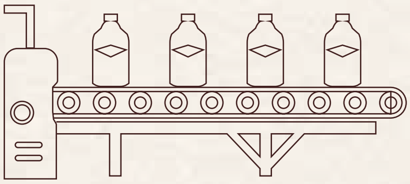
SEMENTRA PLANTATIONS

Oil Palm Cultivation / Plantations



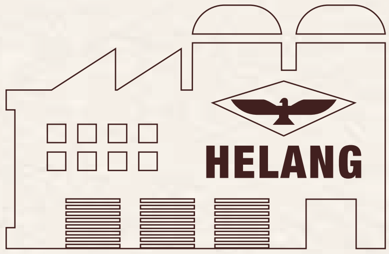
YEE LEE PALM OIL INDUSTRIES

Milling & Selling of Crude Palm Oil and Kernel



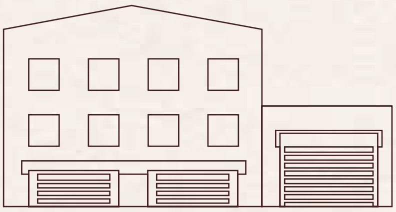
YEE LEE EDIBLE OILS

Manufacturing of Cooking Oil, Margarine and Shortening



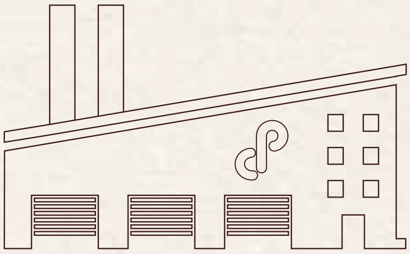
SOUTH EAST ASIA PAPER PRODUCTS

Manufacturing & Selling of Corrugated Paper Cartons



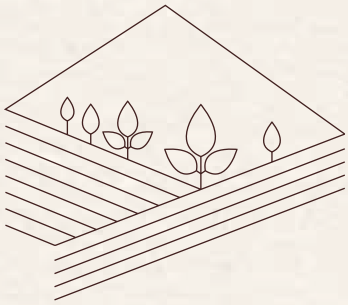
CANPAC

Manufacturing & Trading of General Line Tin Cans



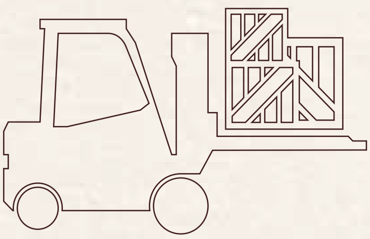
DESA TEA

Planting, Processing & Distribution of Tea



YEE LEE TRADING CO.

Marketing & Distribution of Edible Oils and Consumer Products

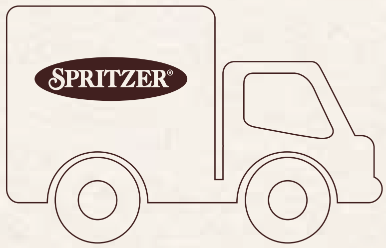


SABAH TEA RESORT

Tourism related services

YEE LEE MARKETING

Marketing & Distribution of Consumer Products



OUR ESSENTIAL VALUES FOR LIFE

— 1

STRONG BRAND IMAGES

— 2

HIGH PRODUCT QUALITY

— 3

HIGH AFFORDABILITY

— 4

UNDERSTAND OF CONSUMER NEEDS

COVER RATIONALE

From humble beginnings as an edible oil repacker, we've grown to become an integrated manufacturer and distributor of fast moving consumer products bringing you your everyday needs. At Yee Lee Corporation, our value chain is truly seamless.

CONTENTS

NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First (41st) Annual General Meeting ("**AGM**") of Yee Lee Corporation Bhd ("**YLC**" or "**Company**") will be held at Rooms 4 & 5, Level 1, Impiana Hotel Ipoh, No. 18, Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Wednesday, June 25, 2014 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, 2013 and the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note A**

2. To declare a first and final dividend of 3.0 sen per share, under the single tier system, in respect of the financial year ended December 31, 2013. **Resolution 1**

3. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2013. **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) Lee Kee Hong **Resolution 3**
   (ii) Sow Yeng Chong **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**

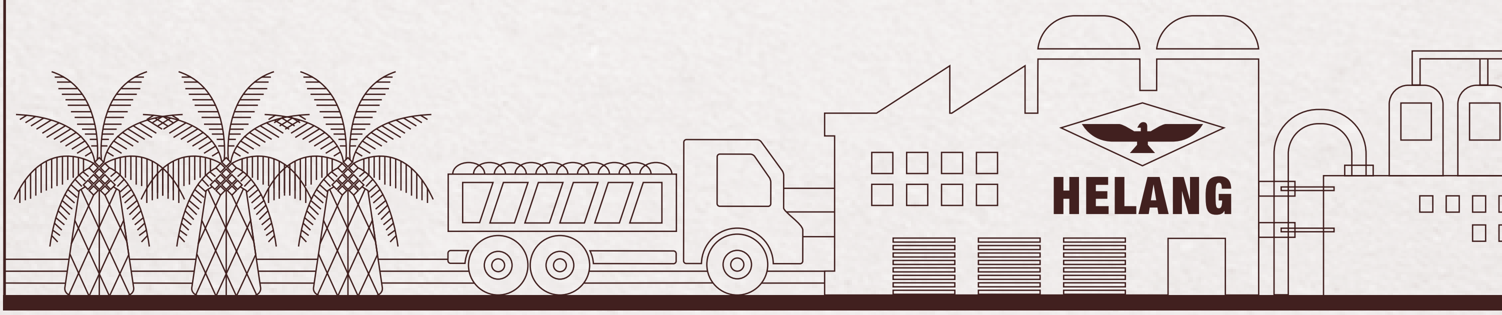
6. To re-appoint Messrs. Deloitte (formerly known as Deloitte KassimChan) as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions:-

7. 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**



NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING

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

   "THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in Section 2.4 of the Circular to Shareholders dated June 3, 2014 subject to the followings:- **Resolution 9**

   (i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and

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

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

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

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

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

   (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 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. 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 FORTY-FIRST ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 3.0 sen per share, under the single tier system, in respect of the financial year ended December 31, 2013, subject to the approval of the shareholders at the 41st AGM will be paid on August 5, 2014 to Depositors whose names appear in the Record of Depositors at the close of business on July 22, 2014.

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 22, 2014 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 3, 2014

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.

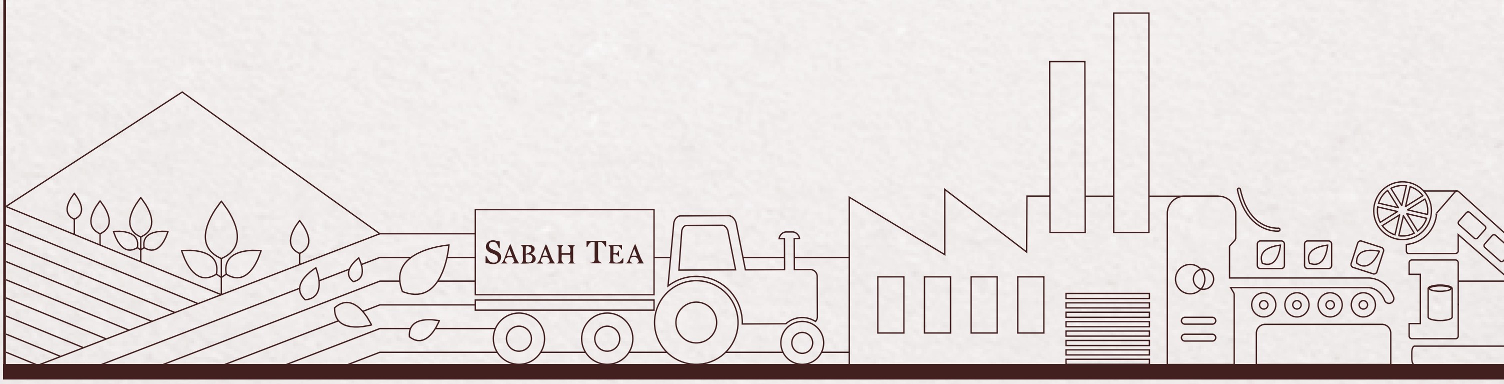
(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an attorney.

(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 18, 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.



NOTICE OF FORTY-FIRST ANNUAL GENERAL MEETING

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, 2013 and which will lapse at the conclusion of the forthcoming 41st 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.

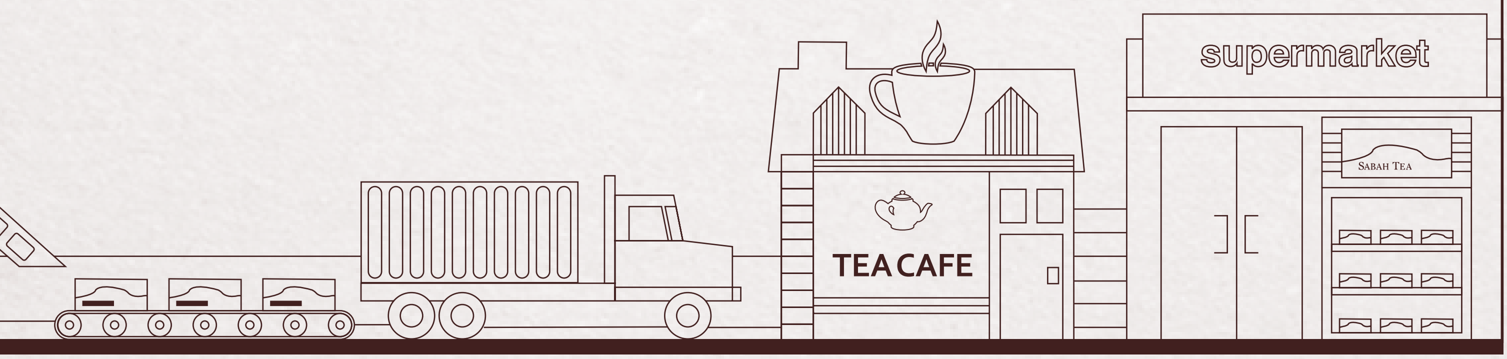
Please refer to the Circular to Shareholders dated June 3, 2014 for further information on Resolution 9.

STATEMENT ACCOMPANYING NOTICE OF FORTY-FIRST 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 41st 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

Dato' Mohd Adhan bin Kechik, DJMK, SMK
Independent Non-Executive Director

Lee Kee Hong
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Dato' 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
Dato' Mohd Adhan bin Kechik

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt

Members
Dato' 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

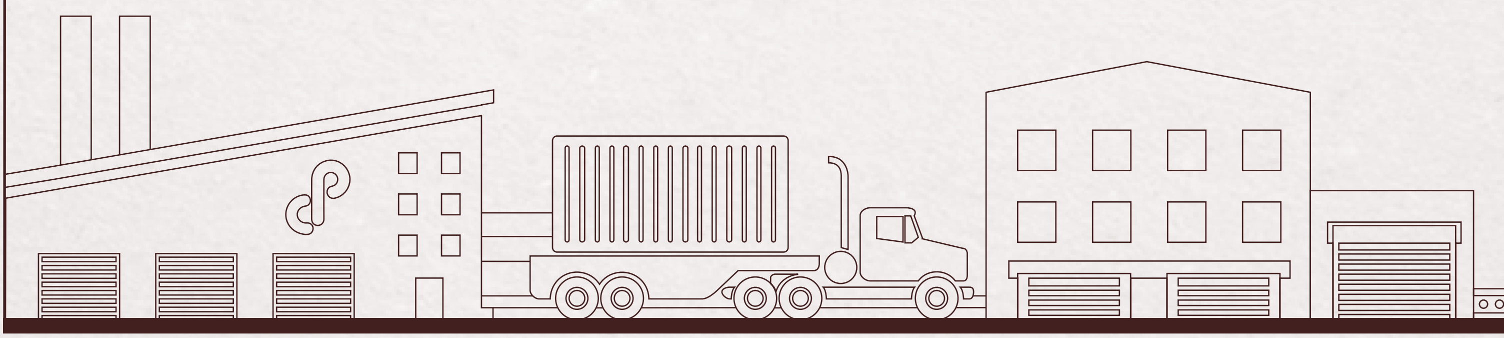
Messrs. Deloitte (AF 0080)
(formerly known as Deloitte KassimChan)
Chartered Accountants
87, Jalan Sultan Abdul Jalil,
30450 Ipoh, Perak Darul Ridzuan.

Telephone number
05-2531358

Facsimile number
05-2530090

PRINCIPAL BANKERS

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

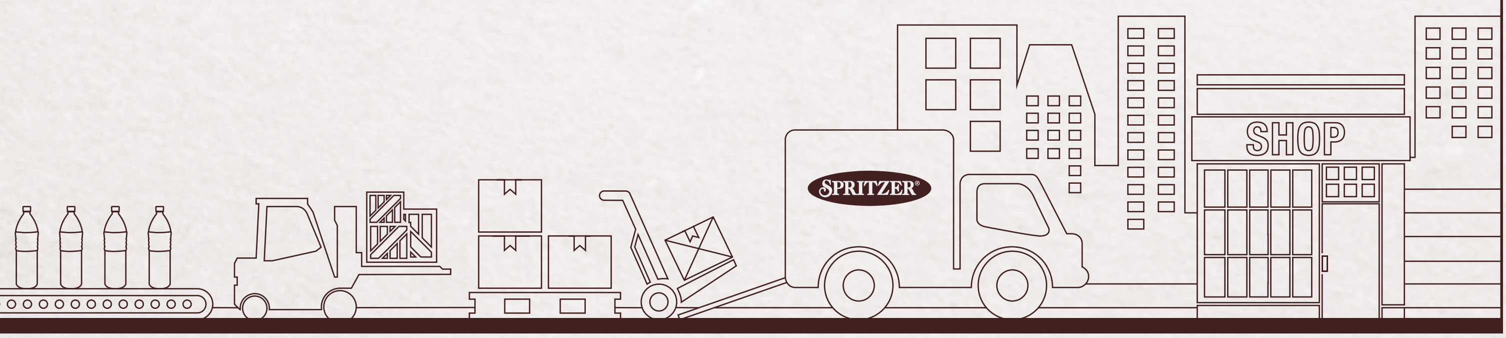


CORPORATE STRUCTURE

AS AT DECEMBER 31, 2013

YEE LEE CORPORATION BHD

- 100% Yee Lee Edible Oils Sdn Bhd
- 100% Yee Lee Trading Co Sdn Bhd
  - 100% Mini Motors Sdn Bhd
- 100% Yee Lee Marketing Sdn Bhd
- 100% South East Asia Paper Products Sdn Bhd
- 100% Yee Lee Palm Oil Industries Sdn Bhd
  - 100% Palker Sdn Bhd
  - 100% Sementra Plantations Sdn Bhd
- 100% Canpac Sdn Bhd
  - 100% Good Cans Sdn Bhd
  - 100% Canpac Vietnam Pte, Ltd
- 100% Intanwasa Sdn Bhd
  - 100% Desa Tea Sdn Bhd
  - 100% Sabah Tea Sdn Bhd
  - 100% Sabah Tea Resort Sdn Bhd
- 32.05% Spritzer Bhd



FINANCIAL HIGHLIGHTS

	2013	2012	2011	2010	2009
STATEMENT OF PROFIT OR LOSS (RM'000)					
Revenue	658,290	699,775	767,650	757,721	703,042
Profit before interest, taxes and depreciation	57,976	45,726	39,347	47,794	41,234
Profit before tax	42,738	29,390	21,456	31,833	26,714
Profit attributable to owners of the Company	33,545	22,027	19,301	24,433	20,147
STATEMENT OF FINANCIAL POSITION (RM'000)					
Total assets[a]	561,187	541,760	556,724	552,252	497,245
Total liabilities[a]	237,258	252,745	286,918	298,885	264,857
Share capital	89,182	87,793	87,786	87,786	62,704
Total equity[a]	323,929	289,015	269,806	253,367	232,388
Borrowings	102,990	121,750	161,606	175,004	158,733
Deposits, cash and bank balances	36,012	36,026	27,653	29,266	31,581
Net cash generated from operating activities	36,947	64,038	35,370	18,672	18,482
Cash and cash equivalents	31,722	26,385	16,219	19,169	24,850
FINANCIAL INDICATORS					
Revenue growth (%)	(5.93)	(8.84)	1.31	7.78	1.28
Return on equity (%)	10.36	7.62	7.15	9.64	8.67
Net Debt to equity ratio (%)[b]	20.68	29.66	49.65	57.52	54.72
Basic earnings per share (sen)[c]	18.96	12.55	10.99	13.92	11.47
Net dividend paid per share (sen)	2.00	1.88	1.88	4.75	4.75
Net assets per share (RM)[c]	1.82	1.65	1.54	1.44	1.32
Interest cover (times)	8.23	4.65	3.60	5.01	4.57
Share price as at 31 Dec (RM)	1.26	0.85	0.84	0.92	1.39
Company market capitalisation (RM'000)	224,739	149,248	147,480	161,525	87,159

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 bank balances) 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.

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, 2013.

FINANCIAL PERFORMANCE

Despite the challenging economic conditions, the Group continued to perform well with record profit growth in this year. The Group's pre-tax profit increased by 45.4% to a historical high of RM42.74 million as compared to RM29.39 million a year ago. This was even achieved on the back of 5.9% decrease in revenue from RM699.78 million in 2012 to RM658.29 million. Profit attributable to shareholders was RM33.55 million (2012: RM22.03 million) translating to a higher basic earnings per share of 18.96 sen (2012: 12.55 sen).

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 3.0 sen per share, under the single tier system (2012: 2.5 sen per share, less tax and 0.5 sen per share, tax-exempt) for the year ended December 31, 2013. The dividend, if approved, will be paid on August 5, 2014.

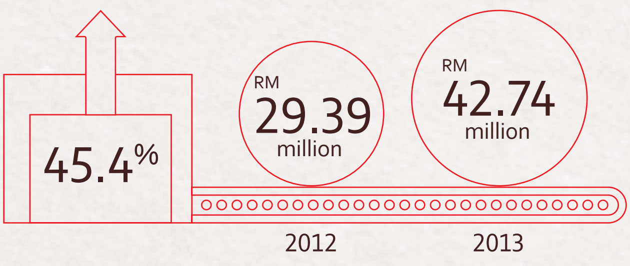
REVIEW OF OPERATIONS

MANUFACTURING

Packaging Division

Our Group packaging division comprises of aerosol can division and corrugated carton boxes division. The packaging division's pre-tax profit in this year dropped by 5.2% from RM21.99 million in 2012 to RM20.84 million with aerosol can division still the main core contributor to this segment. The bottom line was affected by lower profit margin arising from stiff competition coupled with increase in production costs. Revenue also dropped by 1.6% mainly due to drop in tinplate prices. However, the aerosol can division still managed to achieve positive sales volume growth of 6.3% on the back of intense competition. In order to enhance its competitiveness, the aerosol can division in Rawang has acquired a new printing line to improve on its efficiency, waste reduction and to increase its production capacity. The construction of the first phase of the new factory building for aerosol can in Vietnam is expected to be completed in the third quarter of 2014 with larger built-up area. A new coating line will be installed at this new factory while the existing production lines at the rented factory will be progressively shifted to the new factory with minimum interruption to its business operation. With the new factory building, the division will have a larger space to cater for its expansion.

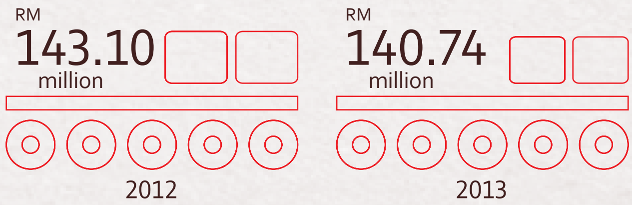
The corrugated carton division recorded lower revenue of RM23.44 million in this year as compared to RM24.11 million in 2012. This has resulted in the division's pre-tax profit to decline by 13.5%. The sales were affected by one of its customers changing their packaging from paper carton boxes to plastic wrap. In order to enlarge its customer base, the division is currently expanding into niche markets which demand for high quality printed colourful carton boxes.



THE GROUP'S PRE-TAX PROFIT

PACKAGING DIVISION'S PRE-TAX PROFIT

THE GROUP'S REVENUE



PACKAGING DIVISION'S REVENUE

CHAIRMAN'S STATEMENT

Palm Oil Refinery and Mill Division

The year 2013 remained a challenging year for the Malaysian palm oil industry which had to contend with the stocks overhang situation from last year causing the bearish crude palm oil (CPO) price sentiment. The weaker soyabean oil price also further asserted pressure on the CPO price resulted in the average CPO price in 2013 declined by RM391 per MT or 14.2% to RM2,371 per MT as compared to RM2,762 per MT in 2012. The average price of palm kernel also declined by 9.9% to RM1,371 per MT from RM1,522 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 2.1% from RM87.88 million in 2012 to RM86.04 million in this year despite the increase in sales volume of palm based products. The division managed to turnaround in this year, registered a pre-tax profit of RM3.79 million as compared to a loss RM2.80 million. This was achieved through higher fresh fruit bunches ("FFB") processed by mill, the recovery of profit margin from our palm oil refinery with higher margin of FOB olein over CPO price, higher sales volume especially bulk oils and better selling price of RBD palm stearin. During the year, our palm oil refinery has been awarded the "Malaysian Brand Certification" for its cooking oil brands namely Helang, Vesawit and Neuvida.

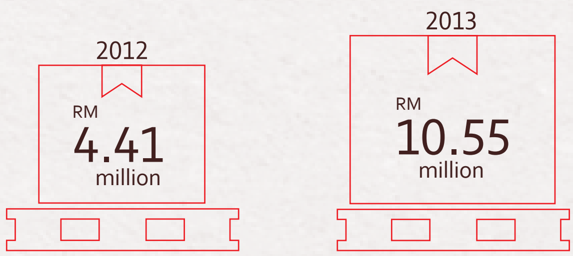
The Malaysian palm based cooking oil producers are still awaiting the Authorities to revise the control ceiling price of palm based cooking oils to cover the increase in packaging and production cost over the years as the control ceiling price has not been revised since the implementation of the subsidy scheme in 1997.

TRADING

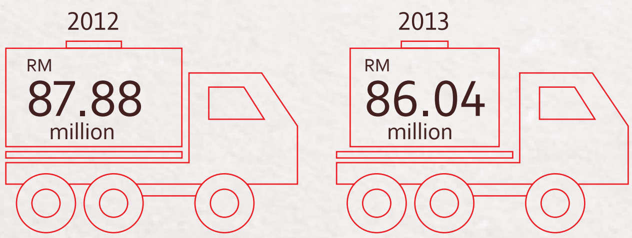
Trading Division

Although Malaysian economy registered a 4.7% growth in 2013, the consumer demand was subdued in the face of Malaysia Government's subsidy rationalisation programme as well as rising household debt. Consumers were cautious on their spending in view of the current escalating cost of living. Despite the weak market conditions, the trading division was able to achieve strong sales growth in its beverage segment especially the bottled water and other agencies products such as Campbell, Red Bull and Old Town products. However, the discontinuance of the distribution of Procter and Gamble products in 2012 had resulted in overall trading division's revenue declined by 8.0% from RM466.75 million in 2012 to RM429.54 millions this year. Despite the drop in revenue, the division recorded a commendable pre-tax profit of RM10.55 million, more than double its contribution from the year before. The encouraging performance was delivered as a result of higher sales from products portfolio with better profit margin arising from well executed marketing campaigns, efficient distribution systems and most importantly customers' brand loyalty and confidence towards our products. The bottled water brand, Spritzer has received overwhelming support and recognition from consumers by once again being voted as the Platinum Winner of the Reader's Digest Trusted Brands Award 2013. Spritzer has also received the BrandLaureatte Best Brands Signature Award 2012-2013, Wellness – Mineral Water. Throughout the year, the division continued to expand its warehouse space and delivery trucks to further improve its distribution coverage and efficiency. The Johore Bahru branch has just shifted to the newly constructed warehouse. This new warehouse will enable the division to further expand its business in the Southern region.

PALM OIL REFINERY AND MILL DIVISION'S PRE-TAX PROFIT/(LOSS)



TRADING DIVISION'S PRE-TAX PROFIT



PALM OIL REFINERY AND MILL DIVISION'S REVENUE

TRADING DIVISION'S REVENUE

CHAIRMAN'S STATEMENT

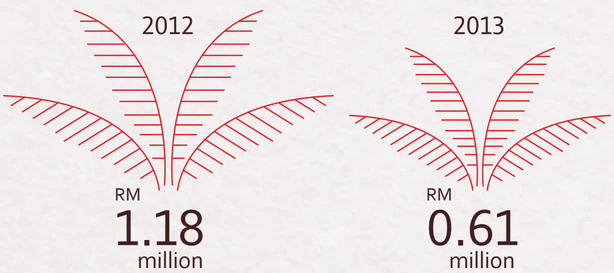
PLANTATION

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. The division incurred a marginal loss of RM0.14 million in this year as compared to a pre-tax profit of RM0.27 million in 2012.

The oil palm plantation recorded a lower pre-tax profit of RM0.61 million in this year as compared to RM1.18 million in 2012. This was mainly due to lower selling price of FFB arising from decrease in CPO price. The FFB yield was also lower by 3.9% affected by the adverse and erratic weather conditions during the year. The oil palm plantation will continue to focus on estate operation management aspects such as proper maintenance and treatment of palm trees including fertilizer application and efficient harvesting to further enhance on its yield and the quality of FFB produced. The replanting project aimed to ensure the long term sustainability of FFB yield and quality has commenced in the last quarter of 2013 and will be implemented by stages.

Sales of tea were slow in the first half of 2013 interrupted by shortage of labour in tea plantation. However, the sales were gradually picking up in the second half of the year especially the overwhelming response of the new launching of Sabah Tea Flavour Pot Bag with attractive packaging into niche markets. As a result, the tea plantation was able to reduce its losses from RM0.91 million in 2012 to RM0.75 million in this year on the back of 3.9% decrease in revenue. With more new varieties of tea products in the pipeline pending launching in this year coupled with strengthened marketing team, the tea plantation is expected to turnaround in year 2014 through higher sales.



OIL PALM PLANTATION'S PRE-TAX PROFIT

TEA PLANTATION'S PRE-TAX LOSS

FUTURE PROSPECTS

The Board remains cautiously optimistic on the outlook for 2014. While the economic conditions are showing positive signs of growth in the developed countries, the emerging economies are experiencing some volatility. On the domestic front, the escalating cost of living and concern of rising inflation will have an adverse impact on consumer disposal income and thus weakening the consumer demand. In view of these challenges and increasing operational costs, the Group will continue to focus on internal improvement to enhance its core capabilities whilst exploring for business opportunity and expansion to drive growth.

The plan to develop a piece of existing land in Sabah into oil palm plantation has been approved by the Government Authorities with certain environmental conditions to be fulfilled. This project will be implemented in phases while waiting for the labour shortage situation in Sabah to improve.

Notably, the contribution from the associated company, Spritzer Bhd has increased substantially by 43.5% in year 2013. The recent prolonged dry weather, the water rationing in certain states in Malaysia and the likely dry spell in the third quarter of 2014 are expected to boost the demand for bottled water. 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

CORPORATE SOCIAL RESPONSIBILITY

▲ **27th APR 13**

Stop Hunger Now Project on 27 April at Publika

No one deserves to go hungry in this day and age! Both Yee Lee Corporation Bhd and Spritzer Bhd jointly sponsored RM5,000 in cash as a contribution towards 130,000 dehydrated rice/soy meal packs for the needy, homeless and towards orphanages. This event was jointly organised by Vistage Malaysia, Stop Hunger Now Malaysia and Crystal Edge.

▲ **11th JAN 13**

Donations in Kind to the Needy Families and Elderly People

Donations in kind worth, in total, RM2,500 were provided as sponsorship for the Rangjung Yeshe Dharma Society Perak (RYDSP). A simple gesture of care enlivened 300 needy families in and around Ipoh during the Chinese New Year celebrations.

◄ **28th APR 13**

World Kidney Day Run 2013

RM14,500 worth of Sabah Tea were given as sponsorship for the World Kidney Day Run 2013. The event was held to increase the awareness of Acute Kidney Injury (AKI) amongst medical staff as well as members of the public. A fantastic sum of RM121,750 was raised during this event.

◄ **27th APR 13, 28th DEC 13**

Recycle Day

The Yee Lee Recreation and Sports Club raised RM1,880 during the annual recycling day event. To sustain our environment, we should all learn the benefits of recycling!

4th MAY 13, 11th MAY 13

Donations in Kind to Kindergarten Annual Sports Day

235 kids from the Methodist Kindergarten Canning Garden and the Methodist Girl's Kindergarten Ipoh were treated to sponsorship items amounting to RM2,000 during their Annual Sports Day event.

CORPORATE SOCIAL RESPONSIBILITY

▲ **27th JUL 13**

Charity Car Wash

Everybody enjoys the fun and festivities of our Annual Charity Car Wash. It's made all-the-better when RM735 is abled to be raised!

▲ **24th AUG 13 – 25th AUG 13**

Relay For Life 2013

Yee Lee Corporation Bhd sponsored RM18,000 worth of Sabah Tea. Five thousand participants and a total fund raising amount of RM110,000 was achieved during this year's Relay for Life 2013 event.

◄ **8th SEP 13**

Poi Lam Food Fair

Yet another successful year of fundraising during the Poi Lam High School Ipoh Food Fair and the 58th Anniversary of the school. A total of RM600,000 was raised in aid of school facility upgrades and continuing education.

▲ **14th SEP 13**

Charity Visit to Loyal Handicapped and Disabled Children Home Association

Products worth RM760 were delivered to the Loyal Handicapped and Disabled Children Home Association as part of our annual charity visits.

▲ **28th SEP 13**

Blood Test and Blood Donation

Close to 60 staff took time to donate blood and go through blood tests as part of our continual support of the blood bank and to create health awareness amongst employees.

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 78, 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 69, 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, Perak Chinese Chamber of Commerce and Industry and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of The Perak Hock Kean Association and The Federation of Hokkien Associations of Malaysia. 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 42, 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 76, 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 was the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years. Currently he is the Vice President of Poi Lam High School (Suwa), Perak, the 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 67, 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.

DATO' MOHD ADHAN BIN KECHIK, DJMK, SMK
Independe nt Non-Executive Director

Dato' Mohd Adhan bin Kechik, aged 59, 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 had been conferred of Datukship which carries the title Dato' by the Sultan of Kelantan in November 2013.

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 66, 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
Independent Non-Executive Director

Sow Yeng Chong, aged 57, 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 and a member of the Malaysian Institute of Accountants. He is also a member of the Audit Committee of the Company.

Note:-

Save as disclosed, 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 on Proposed Shareholders' Mandate, 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, 2013 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
Dato' 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.

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.

AUDIT COMMITTEE REPORT

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 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.

AUDIT COMMITTEE REPORT

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, 2013. The attendance of the Audit Committee members is as follows:-

Audit Committee Members	Attendance
Dato' 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

AUDIT COMMITTEE REPORT

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.

(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.

(vii) reviewed the risk management activities of the Company and its subsidiaries.

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 and risk management. 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 RM224,000.00 and RM22,000.00 (2012: RM260,000.00 and RM45,000.00) respectively for the financial year ended December 31, 2013.

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 to 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 Managment;
- Calling of meetings of shareholders; and
- Any other specific matters nominated by the Board from time to time.

STATEMENT ON CORPORATE GOVERNANCE

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 Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 1965 ("**Act**") and the principles of the MCCG 2012.

The Group has put in place a Code of Ethics for employees of the Group, including the Whistleblowing Policy of the Group and such codes, policies and ethics are briefed to all employees and accessible for reference within the Group.

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 12 and 13 of this 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.

STATEMENT ON CORPORATE GOVERNANCE

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 periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness.

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.

STATEMENT ON CORPORATE GOVERNANCE

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 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 once in the financial year ended December 31, 2013 and full attendance by the members was recorded.

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.

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, 2013.

STATEMENT ON CORPORATE GOVERNANCE

2. STRENGTHEN COMPOSITION (CONT'D)

2.3 Directors' Remuneration (Cont'd)

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	1,827	148	562	237	102	2,876
Non-Executive Directors	-	70	-	61	30	161

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

	Number of Directors	
Range of Remuneration	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	4
RM300,001 to RM350,000	1	-
RM600,001 to RM650,000	1	-
RM800,001 to RM850,000	1	-
RM1,050,001 to RM1,100,000	1	

Directors' fees are subject to the approval by shareholders at the forthcoming 41st 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.

STATEMENT ON CORPORATE GOVERNANCE

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, Dato' 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 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, Dato' 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.

In this respect, the Board has approved the continuation of Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff, Dato' Mohd Adhan bin Kechik and Mr. Lee Kee Hong as Independent Directors of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations.

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.

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 14 and 15 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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, 2013, 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
Dato' 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.

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

- The Role of Corporate Governance in creating Effective Boards
- AMLFTA : The Law and Compliance
- Registration on Risk Management and Internal Control Workshop for Audit Committee
- Redesigning New Business Value
- Management Leadership Succession
- Merger and Acquisition Workshop
- MAICSA Annual Conference 2013 : Ethical Leadership : Key To Business Growth
- The Coming Election GE 13
- Competitive Laws and their impact on your Business
- DNA Profiling in Healthy Ageing and Living
- The Dilemma of Businessmen
- FX & Economic Outlooks Briefing
- Corporate Governance – Statement Reporting Workshop
- Enhanced Understanding of Risk Management and Internal Control

STATEMENT ON CORPORATE GOVERNANCE

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 out on page 29 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 16 to 19 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 31 and 32 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 16 to 19 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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 and Best Practice issued by Bursa Securities 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.

8.2 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 40th 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.

8.4 Whistleblowing Policy

In its effort to enhance corporate governance and maintaining highest standards of ethical conduct within the Group, the Board has put in place a Whistleblowing Policy to provide an avenue for employees and stakeholders to raise genuine concerns regarding malpractices, unethical behaviour or misconduct without fear of reprisal. An independent investigation team shall investigate any alleged concerns and report its findings to the Audit Committee. Appropriate action will be taken to resolve the issue.

STATEMENT ON CORPORATE GOVERNANCE

COMPLIANCE STATEMENT

The Board is satisfied that the Company has in year 2013 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, 2013, 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 approved by the Board of Directors on May 8, 2014.

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**
   Non-audit fees of RM92,840 was paid/payable to the external auditors and its affiliated company for services rendered to the Company and its subsidiary companies during the financial year.

7. **Variation in Results**
   There was no variance between the financial results in the Annual Audited Financial Statements 2013 and the unaudited financial results for the year ended December 31, 2013, 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 Corpaorate Governance. The Board of Yee Lee Corporation Bhd. is pleased to provide this 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. To promote and create awareness of the importance in adopting good risk management practices, the Risk Management Department had conducted briefings for employees at subsidiary companies. 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 advise on 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 had engaged a local professional services firm to support the existing internal audit function based on the audit plan being recommended by the Group Internal Auditor and this had been approved by the Audit Committee. By working closely together, the auditors from both the GIAD and the local firm can exchange ideas, and share their audit techniques in strengthening the audit function for the Group.

The Group's system of risk management and internal control applies principally to Yee Lee Corporation Bhd and its subsidiaries. Associated company has been excluded because the Group does not have full management and control over it.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors, Messrs Deloitte (formerly known as Deloitte KassimChan), have reviewed this Statement in accordance with the Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended December 31, 2013 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is factually inaccurate.

CONCLUSION

The Board has received assurance from the Group Managing Director and Group Financial Controller that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.

The Board is of the view that the system of risk management and internal control in place is sound and sufficient to protect the Group's interest and that of its stakeholders. In addition, the Board continues to take appropriate measures to sustain, and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board of Directors on May 8, 2014.

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, 2013.

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	33,545	6,145

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 2.0 sen per share, less tax and 0.5 sen per share, tax-exempt, 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 3.0 sen per share, under the single tier system, 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 2,760,000 new ordinary shares of RM0.50 each at an exercise price of RM0.78 per ordinary share, and 17,500 new ordinary shares of RM0.50 each at an exercise price of RM1.26 per ordinary share respectively 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.

The resultant premium arising from the shares issued of RM786,100 has been credited to the share premium account.

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

DIRECTORS' REPORT

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 statements of profit or loss 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 had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to 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.

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' REPORT

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. Dato' Mohd Adhan bin Kechik, DJMK, SMK
Mr. Lee Kee Hong
Mr. Sow Yeng Chong

In accordance with Article 85 of the Company's Articles of Association, Mr. Lee Kee Hong and Mr. Sow Yeng Chong 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 1.1.2013	Bought	Sold	Balance as of 31.12.2013
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	2,978,614	50,000	(50,000)	2,978,614
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	3,743,875	865,547	-	4,609,422
Mr. Thang Lai Sung	23,503	86,545	(13,000)	97,048
Mr. Chok Hooa @ Chok Yin Fatt	136,532	120,000	(50,000)	206,532
Mr. Lim Ee Young	213,987	494,369	-	708,356
Y.B. Dato' Mohd Adhan bin Kechik	46,664	45,000	-	91,664
Mr. Lee Kee Hong	25,312	45,000	-	70,312
Mr. Sow Yeng Chong	56,000	55,000	(100,000)	11,000

DIRECTORS' REPORT

	Number of ordinary shares of RM0.50 each			
	Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
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	97,631,288	838,108	(955,533)	97,513,863
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	540,000	-	(85,000)	455,000
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	1,094,258	757,246	-	1,851,504
Mr. Lim Ee Young	14,000	-	-	14,000
Mr. Sow Yeng Chong	-	1,808	-	1,808

	Number of options over ordinary shares of RM0.50 each			
	Balance as of 1.1.2013	Granted	Exercised	Balance as of 31.12.2013
Share options of the Company				
Registered in the name of directors				
Y. Bhg. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	50,000	50,000	(50,000)	50,000
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	200,000	225,000	(200,000)	225,000
Mr. Thang Lai Sung	118,000	122,500	(43,000)	197,500
Mr. Chok Hooa @ Chok Yin Fatt	145,000	147,500	(120,000)	172,500
Mr. Lim Ee Young	197,500	225,000	(150,000)	272,500
Y.B. Dato' Mohd Adhan bin Kechik	45,000	45,000	(45,000)	45,000
Mr. Lee Kee Hong	45,000	45,000	(45,000)	45,000
Mr. Sow Yeng Chong	45,000	45,000	(45,000)	45,000

DIRECTORS' REPORT

	Number of ordinary shares of RM1.00 each			
	Balance as of 1.1.2013	Bought	Sold	Balance as of 31.12.2013
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	31,614	-	-	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	162,583	12,103	-	174,686

By virtue of his interest in the shares of the holding company, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP 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.

DIRECTORS' REPORT

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 (formerly known as 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,
March 17, 2014

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, 2013 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 128.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of these financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 give a true and fair view of the financial position of the Group and of the Company as of December 31, 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

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

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 all the subsidiaries, of which we have not acted as auditors, which are indicated in Note 15 to the financial statements;

(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 those purposes; and

(d) the auditors' reports on the accounts of the subsidiaries did not contain any qualification or 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 Matter

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
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/15(J/PH)
Chartered Accountant

March 17, 2014

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2013

		The Group		The Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	5	658,290	699,775	6,970	4,908
Investment revenue	7	1,274	637	-	-
Other gains and losses	8	7,967	5,393	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress	8	1,448	(6,836)	-	-
Raw materials and consumables used	8	(266,519)	(275,617)	-	-
Purchase of finished goods and trading merchandise		(230,484)	(260,232)	-	-
Depreciation of property, plant and equipment	12	(10,597)	(10,294)	-	-
Employee benefits expense	8	(52,270)	(51,282)	(240)	(201)
Finance costs	9	(5,231)	(6,636)	(61)	(67)
Other expenses	8	(67,378)	(69,865)	(237)	(334)
Share of profit of an associated company	16	6,238	4,347	-	-
Profit before tax		42,738	29,390	6,432	4,306
Income tax expense	10	(9,193)	(7,363)	(287)	(115)
Profit for the year attributable to owners of the Company		33,545	22,027	6,145	4,191
Earnings per share					
Basic (sen)	11	18.96	12.55		
Diluted (sen)	11	18.92	12.52		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit for the year	33,545	22,027	6,145	4,191
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associated company	342	302	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign entity	1,041	(579)	-	-
Available-for-sale financial assets:				
Net fair value gain on available-for-sale financial assets during the year	1	1	-	-
Net fair value gain on investments in subsidiary companies during the year	-	-	26,822	31,488
Total other comprehensive income/(loss) for the year	1,384	(276)	26,822	31,488
Total comprehensive income attributable to owners of the Company	34,929	21,751	32,967	35,679

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

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000	The Company 2013 RM'000	The Company 2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	245,680	236,921	-	-
Investment properties	13	6,840	4,460	-	-
Investments in subsidiary companies	15	-	-	277,421	249,345
Investment in an associated company	16	54,967	49,584	29,965	29,471
Other investments	17	13	12	-	-
Goodwill on consolidation	18	1,612	1,612	-	-
Total non-current assets		309,112	292,589	307,386	278,816
Current assets					
Inventories	19	72,355	64,214	-	-
Trade and other receivables	20	136,607	142,440	16,755	15,073
Current tax assets	10	1,315	3,450	393	442
Other assets	22	5,786	3,041	2	4
Deposits, cash and bank balances	23	36,012	36,026	22	25
Total current assets		252,075	249,171	17,172	15,544
Total assets		561,187	541,760	324,558	294,360

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013

		The Group		The Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	89,182	87,793	89,182	87,793
Reserves	25	56,817	53,819	196,967	168,580
Retained earnings	25	177,930	147,403	28,950	25,823
Total equity		323,929	289,015	315,099	282,196
Non-current liabilities					
Borrowings	26	7,127	9,871	-	-
Deferred tax liabilities	28	21,406	20,321	-	-
Total non-current liabilities		28,533	30,192	-	-
Current liabilities					
Trade and other payables	29	93,579	92,063	8,260	10,993
Borrowings	26	95,863	111,879	1,000	1,000
Current tax liabilities	10	568	2,307	-	-
Other liabilities	30	18,715	16,304	199	171
Total current liabilities		208,725	222,553	9,459	12,164
Total liabilities		237,258	252,745	9,459	12,164
Total equity and liabilities		561,187	541,760	324,558	294,360

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2013

		Attributable to Owners of the Company								
			Non-distributable Reserves							
The Group	Note	Share Capital RM'000	Share Premium RM'000	Property Revaluation Resserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Capital Reserve RM'000	Distributable Reserve- Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2012		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	-

STATEMENTS OF CHANGES IN EQUITY
AS OF DECEMBER 31, 2013

The Group	Note	Share Capital RM'000	Share Premium RM'000	Property Revaluation Resserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Capital Reserve RM'000	Distributable Reserve- Retained Earnings RM'000	Total Equity RM'000
		Attributable to Owners of the Company								
			Non-distributable Reserves							
Balance as of December 31, 2012		87,793	4	53,529	(8)	(1,804)	736	1,362	147,403	289,015
Profit for the year		-	-	-	-	-	-	-	33,545	33,545
Other comprehensive income for the year		-	-	-	1	1,041	-	342	-	1,384
Total comprehensive income for the year		-	-	-	1	1,041	-	342	33,545	34,929
Payment of dividend	31	-	-	-	-	-	-	-	(3,554)	(3,554)
Recognition of share-based payments		-	-	-	-	-	1,315	-	-	1,315
Exercise of ESOS		1,389	786	-	-	-	(536)	-	536	2,175
Effect of change in expected tax rate		-	-	49	-	-	-	-	-	49
Balance as of December 31, 2013		89,182	790	53,578	(7)	(763)	1,515	1,704	177,930	323,929

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

STATEMENTS OF CHANGES IN EQUITY
AS OF DECEMBER 31, 2013

		← Non-distributable Reserves →					
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**
Balance as of January 1, 2012		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
Profit for the year		-	-	-	-	6,145	6,145
Other comprehensive income for the year		-	-	26,822	-	-	26,822
Total comprehensive income for the year		-	-	26,822	-	6,145	32,967
Payment of dividend	31	-	-	-	-	(3,554)	(3,554)
Recognition of share-based payments		-	-	-	1,315	-	1,315
Exercise of ESOS		1,389	786	-	(536)	536	2,175
Balance as of December 31, 2013		89,182	790	194,662	1,515	28,950	315,099

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	The Group 2013 RM'000	The Group 2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		33,545	22,027
Adjustments for:			
Depreciation of property, plant and equipment		10,597	10,294
Income tax expense recognised in statement of profit or loss		9,193	7,363
Finance costs		5,231	6,636
Inventories written off		1,391	2,027
Equity-settled share-based payments		1,315	739
Impairment losses recognised on receivables		371	380
Property, plant and equipment written off		344	202
Bad debts written off		262	189
Inventories written down/(back) - net		202	(924)
Share of profit of an associated company		(6,238)	(4,347)
Gain arising on changes in fair value of investment properties		(1,918)	-
Investment revenue recognised in statements of profit or loss		(1,274)	(637)
Unrealised (gain)/loss on foreign exchange		(244)	109
Reversal of impairment losses recognised on receivables		(190)	(977)
Gain on disposal of property, plant and equipment - net		(89)	(42)
Tax penalty		-	38
Gain on disposal of non-current assets classified as held for sale		-	(390)
		52,498	42,687
Movements in working capital:			
Decrease/(Increase) in:			
Inventories		(9,473)	8,793
Trade and other receivables		5,949	12,105
Other assets		(7,979)	494
Increase in:			
Trade and other payables		1,370	2,300
Other liabilities		2,375	1,947
Cash Generated From Operations		44,740	68,326
Tax refunded		1,600	1,748
Tax paid		(9,393)	(6,036)
Net Cash Generated From Operating Activities		36,947	64,038

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

		The Group	
	Note	2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from an associated company		1,690	1,268
Proceeds from disposal of property, plant and equipment		1,541	226
Interest received		1,087	522
Rental from investment properties received		186	114
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	34(a)	(13,904)	(9,096)
Purchase of additional shares in associated company		(494)	-
Proceeds from disposal of non-current assets classified as held for sale		-	2,950
Net Cash Used In Investing Activities		(9,893)	(4,015)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares arising from exercise of ESOS		2,175	11
Repayment of bankers' acceptances		(10,081)	(36,333)
Finance costs paid		(5,243)	(6,654)
Dividend paid		(3,554)	(3,292)
Repayment of term loans		(3,316)	(3,154)
Repayment of hire-purchase payables		(1,566)	(1,403)
(Repayment of)/Proceeds from trust receipts		(436)	106
Proceeds from term loans		-	993
Net Cash Used In Financing Activities		(22,021)	(49,726)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,033	10,297
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		26,385	16,219
Effect of exchange rate changes on the balance of cash held in foreign currencies		304	(131)
CASH AND CASH EQUIVALENTS AT END OF YEAR	34(b)	31,722	26,385

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	The Company 2013 RM'000	2012 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		6,145	4,191
Adjustments for:			
Income tax expense recognised in statement of profit or loss		287	115
Equity-settled share-based payments		61	36
Finance costs		61	67
Dividend income		(6,970)	(4,908)
		(416)	(499)
Movements in working capital:			
Decrease/(Increase) in other assets		2	-
Increase/(Decrease) in:			
Other payables		(14)	26
Other liabilities		28	10
Cash Used In Operations		(400)	(463)
Dividends received		6,732	4,708
Net Cash Generated From Operating Activities		6,332	4,245
CASH FLOWS USED IN INVESTING ACTIVITIES			
Advances granted to subsidiary company - net		(1,682)	(1,372)
Acquisition of additional shares in associated company		(494)	-
Net Cash Used In Investing Activities		(2,176)	(1,372)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of shares arising from exercise of ESOS		2,175	11
Dividend paid		(3,554)	(3,292)
(Repayment to)/Advances received from subsidiary company - net		(2,719)	1,110
Finance costs paid		(61)	(67)
Net Cash Used In Financing Activities		(4,159)	(2,238)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3)	635
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		25	(610)
CASH AND CASH EQUIVALENTS AT END OF YEAR	34(b)	22	25

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 principal 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 atLot 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 March 17, 2014.

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

New and revised FRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group and the Company have applied a number of new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2013.

The adoption of the new and revised FRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements, except as follows:

FRS 13 Fair Value Measurement

The Group and the Company have applied FRS 13 for the first time in the current year. FRS 13 establishes a single source of guidance for fair value measurements and disclosures about the fair value measurements. The scope of FRS 13 is broad; the fair value measurement requirements of FRS 13 apply to both financial instrument items and non-financial instrument items for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 2 *Share-based Payment*, leasing transactions that are within the scope of FRS 117 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under FRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, FRS 13 includes extensive disclosure requirements.

FRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group and the Company have not made any new disclosures required by FRS 13 for the 2012 comparative period (please see Notes 12, 13 and 33 for the 2013 disclosures). Other than the additional disclosures, the application of FRS 13 has not had any material impact on the amounts recognised in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

2.1 Adoption of new and revised FRSs (Cont'd)

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to FRS 101 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to FRS 101, the "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". 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 items of other comprehensive income to be grouped into two categories in other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to FRS 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Adoption of the Malaysian Financial Reporting Standards Framework ("MFRS Framework")

On November 19, 2011, the MASB has issued a new MASB approved accounting framework, the MFRS Framework, a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after January 1, 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities with the scope of MFRS 141 *Agriculture and/or* IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on August 7, 2013, the transitional period for TEs has been extended for an additional year.

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements when the MFRS financial statements when the MFRS Framework is mandated by MASB.

2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective

As at the date of authorisation for issue of these financial statements, the new and revised Standards and IC Int. which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)[1]
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)[1]
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)[1]
IC Int. 21	Levies[2]
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures[1]
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities[2]
Amendments to FRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)[2]
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets)[2]
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)[2]

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective (Cont'd)

Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2010 - 2012 Cycle
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2011 - 2013 Cycle

[1] The mandatory effective date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) which was for annual periods beginning on or after January 1, 2015 has been removed with the issuance of FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139. The effective date of FRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the FRS 9 is available for early adoption.

[2] Effective for annual periods beginning on or after January 1, 2014.

FRS 9 and Amendments Relating to Mandatory Effective Date of FRS 9 and Transition Disclosures

FRS 9 (IFRS 9 issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. FRS 9 (IFRS 9 issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("FRS 9") relating to "Mandatory Effective Date of FRS 9 and Transition Disclosures" which became immediately effective on the issuance date of March 1, 2012 amended the mandatory effective date of FRS 9 to annual periods beginning on or after January 1, 2015 instead of on or after January 1, 2013, with earlier application still permitted as well as modified the relief from restating prior periods. However, this mandatory effective date has been removed with the issuance of FRS 9 *Financial Instruments: Hedge Accounting and Amendments* to FRS 9, FRS 7 and FRS 139. FRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of FRS 9:

- all recognised financial assets that are within the scope of FRS 139 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under FRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors do not anticipate the application of FRS 9 to have significant impact on amounts reported in respect of the Group's and of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 9 until a detailed review has been completed.

NOTES TO THE FINANCIAL STATEMENTS

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

2.2 Standards and IC Interpretations ("IC Int.") in issue but not yet effective (Cont'd)

Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities

The amendments to FRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to FRS 12 and FRS 127 to introduce new disclosure requirements for investment entities.

The directors do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements.

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The directors do not anticipate that the application of these amendments to FRS 132 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

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 that are measured at revalued amounts or fair values, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 2, leasing transactions that are within the scope of FRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 102 or value in use in FRS 136.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries and Basis of Consolidation (Cont'd)

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with FRS 139 or FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

Revenue Recognition

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

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.

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to statements of profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

Share-based compensation benefits

The Company operates an equity-settled, share-based compensation plan, where shares and/or options are issued by the Company to eligible directors and executive employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of the options that are expected to become exercisable. The grant of options by the Company over its equity instruments to the directors and employees of subsidiary 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 thatdate. 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 profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (Cont'd)

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 reclassified to profit or loss in the year in which the foreign incorporated subsidiary is disposed of.

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

Foreign currency

	2013 RM	2012 RM
Vietnamese Dong ("VND")	6,435.00	6,802.72

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 profit or loss in the period in which they become receivable.

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

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statements of profit or lossbecause 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to FRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair values of investment properties based on the expected tax rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in statements of profit or loss, except when they relate to items that are recognised outside statements of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside statements of profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the interest of the acquirer in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost of the acquiree.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Any revaluation increase arising from the revaluation of such land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statements of profit or loss, in which case the increase is credited to statements of profit or loss to the extent of the decrease previously charged to statements of profit or loss. A decrease in carrying amount arising from the revaluation of such land and buildings are charged to statements of profit or loss 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 statements of profit or loss. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property 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 50%
Motor vehicles	10% to 20%
Furniture, fixtures and equipment	10% to 33%
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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, where there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 statements of profit or loss 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.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 statements of profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment property, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases 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 statements of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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

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

Investment Properties

Investment properties, which are properties held to earn rentals and/ or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair values of investment properties are included in statements of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in statements of profit or loss in the year in which the retirement or disposal arise.

Investments in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are 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 statements of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with 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 and 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 profit or loss.

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.

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 thecash-generating units of the Group expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

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 statements of profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 reportingperiod, the Group and the Company review the carrying amounts of their assets (other than inventories, financial assets and investment properties which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statements of profit or loss, 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 statements of profit or loss, 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or 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 statements of profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial 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.

NOTES TO THE FINANCIAL STATEMENTS

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 statements of profit or loss. 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 statements of profit or loss.

Dividends on AFS equity instruments are recognised in the statements of profit or loss 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
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 statements of profit or loss even though the investment has not been derecognised. Impairment losses of AFS investments previously recognised in the statements of profit or loss are not reversed through the statements of profit or loss. 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 statements of profit or loss.

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 statements of profit or loss 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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 arrangements and the definition of a financial liability and an equity instrument.

(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.The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in statements of profit or loss.

(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 statements of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statements of profit or loss 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.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consists of cash and bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments which are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

In the process of applying accounting policies of the Group and of the Company, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

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.

(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 2014 to 2018 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(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) Write Down of Inventories

The Group writes down inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternative uses. Write downs are applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of inventories to be written down 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 inventory write down expenses in the period in which such estimate has been changed.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

(i) Deferred Tax on Investment Properties

For the purposes of measuring deferred tax liabilities and deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Groups' deferred tax on investment properties, the directors have determined that the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value investment properties based on the expected rate that would apply on disposal of the investment properties.

5. REVENUE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	656,402	697,916	-	-
Tourism related services	1,888	1,859	-	-
Dividend income:				
Subsidiary companies	-	-	5,280	3,640
Associated company	-	-	1,690	1,268
	-	-	6,970	4,908
	658,290	699,775	6,970	4,908

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.

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

The Group 2013	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	226,778	429,538	85	1,889	-	658,290
Inter-segment sales	241,667	192	5,111	7,312	(254,282)	-
Total revenue	468,445	429,730	5,196	9,201	(254,282)	658,290
Results						
Segment results	27,671	12,417	(294)	7,229	(6,566)	40,457
Finance costs						(5,231)
Share of profit of an associated company						6,238
Investment revenue						1,274
Profit before tax						42,738
Income tax expense						(9,193)
Profit for the year						33,545

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

The Group 2013	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information						
Capital additions	12,808	6,841	1,300	580	-	21,529
Depreciation and amortisation charges	7,159	2,413	655	370	-	10,597
Impairment losses recognised on receivables	72	299	-	-	-	371
Reversal of impairment losses recognised on receivables	97	93	-	-	-	190
Consolidated Statement of Financial Position						
Assets						
Segment assets	331,076	197,554	49,303	364,495	(437,947)	504,481
Investment in an associated company						54,967
Unallocated corporate assets						1,738
Consolidated total assets						561,186
Liabilities						
Segment liabilities	59,097	112,155	17,507	27,158	(103,623)	112,294
Unallocated corporate liabilities						124,963
Consolidated total liabilities						237,257

NOTES TO THE FINANCIAL STATEMENTS

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
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

NOTES TO THE FINANCIAL STATEMENTS

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
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
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

NOTES TO THE FINANCIAL STATEMENTS

6. SEGMENT REPORTING (CONT'D)

Geographical segments

The analysis of the carrying amounts of segment assets by geographical segment has not been provided as the segment assets of the Group located outside Malaysia is less than 10% of its total segment assets.

The capital additions of the Group by geographical segment is as follows:

	2013 RM'000	2012 RM'000
Malaysia	19,670	10,890
Vietnam	1,859	4,480
	21,529	15,370

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	
	2013 RM'000	2012 RM'000
Interest income from fixed and short-term deposits	947	267
Interest received on advances granted to ultimate holding company	140	255
Rental income from investment properties	186	114
Dividend income from quoted shares	1	1
	1,274	637

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

	The Group	
	2013 RM'000	2012 RM'000
Investment revenue for financial assets not designated as at fair value through profit or loss	1,087	522
Dividend income earned as available-for-sale financial assets	1	1
Investment revenue earned as non-financial assets	186	114
	1,274	637

NOTES TO THE FINANCIAL STATEMENTS

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

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Changes in fair value of investment properties	1,918	-	-	-
Unrealised gain/(loss) on foreign exchange	244	(109)	-	-
Reversal of impairment losses recognised on receivables	190	977	-	-
Gain on disposal of property, plant and equipment - net	89	42	-	-
Bad debts recovered	13	5	-	-
Rental income:				
Premises	12	43	-	-
Motor vehicles	8	15	-	-
Gain on disposal of non-current assets classified as held for sale	-	390	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(218)	(189)	(138)	(122)
Other emoluments	(2,254)	(1,889)	(42)	(43)
Directors of the subsidiary companies:				
Fees	(72)	(65)	-	-
Other emoluments	(2,288)	(1,650)	-	-
Rental expense:				
Premises	(2,167)	(2,348)	-	-
Factory equipment	(96)	-	-	-
Inventories written off	(1,391)	(2,027)	-	-
Realised loss on foreign exchange - net	(658)	(212)	-	-
Hire of machinery	(439)	(317)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(342)	(340)	(65)	(65)
Prior year	(5)	(9)	-	(6)
Non-audit services	(23)	-	-	-
Property, plant and equipment written off	(344)	(202)	-	-
Impairment losses recognised on receivables	(371)	(380)	-	-
Bad debts written off	(262)	(189)	-	-
Research and development expenses	(18)	(20)	-	-
Lease rental	(13)	(6)	-	-
Preliminary expenses written off	-	(2)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

Included in raw materials and consumables used are subsidies received and receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization Scheme amounting to RM29,839,878 (2012: RM45,094,012).

Included in other expenses are subsidies received and receivable from the Government under the Cooking Oil Price Standardization Scheme amounted to RM1,449,357 (2012: Nil).

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Contributions to EPF:				
Employee benefits expense	4,373	4,357	-	-
Directors' remuneration	367	311	-	-
Rental of hostel:				
Employee benefits expense	188	160	-	-
Equity-settled share-based payments:				
Employee benefits expense	894	508	-	-
Directors' remuneration	420	231	61	36

9. FINANCE COSTS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest on:				
Bankers' acceptances	2,711	3,806	-	-
Revolving credits	665	675	41	43
Term loans	647	743	-	-
Bank overdrafts	458	644	11	16
Hire-purchase	171	188	-	-
Trust receipts	1	4	-	-
Bank charges and commitment fees	590	594	9	8
	5,243	6,654	61	67
Less: Hire-purchase interest capitalised under plantation development expenditure (Note 12)	(12)	(18)	-	-
	5,231	6,636	61	67

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Income tax:				
Current year:				
Malaysian	8,104	6,290	229	126
Foreign	717	539	-	-
	8,821	6,829	229	126
Prior year:				
Malaysian	191	142	58	(11)
Foreign	(953)	924	-	-
	(762)	1,066	58	(11)
	8,059	7,895	287	115
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	1,485	255	-	-
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	(442)	(287)	-	-
Prior years	91	(74)	-	-
	1,134	(532)	-	-
	9,193	7,363	287	115

The Group's and the Company's income tax rate remained at 25% for the year of assessment 2013 except for its foreign subsidiary company.

The Malaysian Budget 2014 announced on October 25, 2013 the reduction of corporate income tax rate from 25% to 24% with effect from year of assessment 2016. The Real Property Gains Tax ("RPGT") is also revised to 30% for disposal within the first three years, 20% within the fourth year, 15% within the fifth year and 5% from sixth year onwards, on gains from the disposal of real property effective January 1, 2014. Following these, the applicable tax rate to be used for the measurement of any applicable deferred tax will be the abovementioned expected rate.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax	42,738	29,390	6,432	4,306
Tax at the applicable statutory income tax rate of 25% (2012: 25%)	10,684	7,348	1,608	1,077
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,628	1,067	127	76
Unutilised tax losses and unabsorbed agricultural, tax capital allowances and others not recognised as deferred tax assets	215	277	-	-
Loss not available for offset against future taxable profit	5	3	-	-
Share of profit of an associated company	(1,559)	(1,087)	-	-
Income that is not taxable in determining taxable profit	(481)	(38)	(1,506)	(1,027)
Utilisation of capital allowances previously not recognised as deferred tax assets	(346)	(46)	-	-
Utilisation of reinvestment allowances	(167)	(140)	-	-
Expenses eligible for double deduction	(31)	(24)	-	-
Temporary differences arising from property, plant and equipment	-	(174)	-	-
Others	-	(147)	-	-
Effect of difference in tax rate of a subsidiary operating in other jurisdictions	(84)	(668)	-	-
Prior years:				
Income tax	(762)	1,066	58	(11)
Deferred tax	91	(74)	-	-
Income tax expense recognised in statements of profit or loss	9,193	7,363	287	115

NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (CONT'D)

As of December 31, 2013, the Company has tax-exempt accounts balances of approximately RM36,118,722 (2012: RM33,352,351). 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 accountsare available for distribution as tax-exempt dividends to the shareholders of the Company.

As of December 31, 2013, certain subsidiary companies have tax-exempt accounts balances of approximately RM14,637,183(2012: RM15,195,583). 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.

Current tax assets and liabilities

The Group	**2013 RM'000**	**2012 RM'000**
Current tax assets		
Tax refund receivable	1,315	3,450
Current tax liabilities		
Income tax payable	568	2,307

The Company	**2013 RM'000**	**2012 RM'000**
Current tax assets		
Tax refund receivable	393	442

NOTES TO THE FINANCIAL STATEMENTS

11. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2013	**2012**
Basic		
Profit for the year attributable to owners of the Company (RM'000)	33,545	22,027
Number of ordinary shares in issue as of January 1 ('000)	175,586	175,572
Effect of exercise of ESOS ('000)	1,333	2
Weighted average number of ordinary shares in issue ('000)	176,919	175,574
Basic earnings per ordinary share (sen)	18.96	12.55
Diluted		
Profit for the year attributable to owners of the Company (RM'000)	33,545	22,027
Weighted average number of ordinary shares in issue ('000)	176,919	175,574
Effect of exercise of ESOS ('000)	361	295
Adjusted weighted average number of ordinary shares for calculating fully diluted earnings per ordinary share ('000)	177,280	175,869
Diluted earnings per ordinary share (sen)	18.92	12.52

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

The Group 2013	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Transfer to investment properties RM'000	Adjustment RM'000	Reclassification RM'000	At end of year RM'000
	Cost except as otherwise stated								
Freehold land:									
At valuation	39,634	-	-	-	-	-	-	-	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	-	-	-	-	(240)	-	-	13,520
At cost	4,157	-	-	-	238	-	-	-	4,395
Buildings:									
At valuation	53,307	-	-	-	-	(280)	-	-	53,027
At cost	13,886	5,132	-	-	-	-	-	-	19,018
Electricity and water supply system	383	623	-	-	-	-	-	-	1,006
Plant and machinery	120,468	7,215	(85)	(765)	418	-	(234)	-	127,017
Plant and machinery under hire-purchase	3,987	180	-	-	-	-	-	-	4,167
Motor vehicles	15,100	1,879	(2,874)	-	25	-	-	1,170	15,300
Motor vehicles under hire-purchase	4,139	2,283	(209)	-	-	-	-	(1,170)	5,043
Furniture, fixtures and equipment	16,584	769	(465)	(1,032)	19	-	(46)	9	15,838
Plantation development expenditure	7,874	622	-	(3)	-	-	-	(9)	8,484
Renovations	1,677	620	(321)	-	-	-	-	-	1,976
Capital work-in-progress	68	2,206	-	-	67	-	-	-	2,341
Total	344,007	21,529	(3,954)	(1,800)	767	(520)	(280)	-	359,749

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2013	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	Transfer to investment properties RM'000	Adjustment 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	2,135	712	-	-	-	-	-	-	2,847
Short-term leasehold land and improvements:									
At valuation	1,138	371	-	-	-	(40)	-	-	1,469
At cost	46	93	-	-	6	-	-	-	145
Buildings:									
At valuation	3,849	483	-	-	-	(18)	-	-	4,314
At cost	675	1,045	-	-	-	-	-	-	1,720
Electricity and water supply system	68	81	-	-	-	-	-	-	149
Plant and machinery	76,788	5,044	(67)	(710)	207	-	(27)	2	81,237
Plant and machinery under hire-purchase	688	228	-	-	-	-	-	-	916
Motor vehicles	11,320	1,165	(2,187)	-	16	-	-	655	10,969
Motor vehicles under hire-purchase	1,400	538	-	-	-	-	-	(655)	1,283
Furniture, fixtures and equipment	8,373	908	(173)	(746)	15	-	(31)	(2)	8,344
Plantation development expenditure	-	-	-	-	-	-	-	-	-
Renovations	606	145	(75)	-	-	-	-	-	676
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	107,086	10,813	(2,502)	(1,456)	244	(58)	(58)	-	114,069

NOTES TO THE FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

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

The Group	Carrying amounts 2013 RM'000	2012 RM'000
Freehold land:		
At valuation	39,634	39,634
At cost	69	69
Long-term leasehold land and improvements:		
At valuation	46,067	46,779
Short-term leasehold land and improvements:		
At valuation	12,051	12,622
At cost	4,250	4,111
Buildings:		
At valuation	48,713	49,458
At cost	17,298	13,211
Electricity and water supply system	857	315
Plant and machinery	45,780	43,680
Plant and machinery under hire-purchase	3,251	3,299
Motor vehicles	4,331	3,780
Motor vehicles under hire-purchase	3,760	2,739
Furniture, fixtures and equipment	7,494	8,211
Plantation development expenditure	8,484	7,874
Renovations	1,300	1,071
Capital work-in-progress	2,341	68
Total	245,680	236,921

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

The Group	2013 RM'000	2012 RM'000
Depreciation of property, plant and equipment	216	226
Interest on hire-purchase (Note 9)	12	18

NOTES TO THE FINANCIAL STATEMENTS

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

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

The Group	2013 RM'000	2012 RM'000
Statements of profit or loss		10,294
Plantation development expenditure	216	226
	10,813	10,520

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.

Details of the Group's and of the Company's land and buildings and information about the fair value hierarchy as of December 31, 2013 are as follows:

	Fair Value		
The Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Freehold land	-	39,634	-
Long-term leasehold land	-	48,914	-
Short-term leasehold land	-	13,520	-
Buildings	-	53,027	-
	-	155,095	-

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

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.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

The Group 2013	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfer from/(to) property, plant and equipment RM'000	Change in fair value RM'000	At end of year RM'000
At fair value:						
Freehold land	1,300	-	-	-	260	1,560
Long-term leasehold land	781	-	-	-	-	781
Short-term leasehold land	1,088	-	-	200	837	2,125
Buildings	1,291	-	-	262	821	2,374
As of December 31, 2013	4,460	-	-	462	1,918	6,840
The Group						
2012						
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 investment properties of the subsidiary companies were revalued by the directors on December 31, 2013 based on valuations carried out by independent valuers by reference to market evidence of recent transactions for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

As of December 31, 2013, there were no contractual obligations of the Group for future repairs and maintenance (2012: Nil).

During the financial year ended December 31, 2013, direct operating expenses incurred relating to the investment properties of the Group amounted to RM17,794 (2012: RM21,297).

Details of the Group's and of the Company's investment properties and information about the fair value hierarchy as of December 31, 2013 are as follows:

The Group	Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Investment properties	-	6,840	-

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

NOTES TO THE FINANCIAL STATEMENTS

14. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group	2013 RM'000	2012 RM'000
At valuation		
At beginning of year	-	3,567
Disposals	-	(3,567)
At end of year	-	-
Accumulated depreciation		
At beginning of year	-	(1,007)
Disposals	-	1,007
At end of year	-	-
Carrying amount	-	-

15. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	2013 RM'000	2012 RM'000
Unquoted shares - available-for-sale:		
At beginning of year	249,345	217,154
Additions	1,254	703
Fair value adjustment	26,822	31,488
At end of year	277,421	249,345

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

During the financial year, the additions relate to net 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 2.0% per annum for Malaysian companies and 6.00% per annum for Vietnam company while terminal growth rates in Malaysia ranged from 0% to 2.5% and Vietnam of 5.0%.
- The following discount rates applied have incorporated elements of country-specific risk, time value of money as well as business risk:
  > 12.41% - 13.83% for companies which manufacture palm based products;
  > 20.32% for company that manufactures paper cartons;
  > 23.89% and 33.12% for companies that manufacture tin cans in Malaysia and Vietnam respectively;
  > 10.60% - 15.94% for trading companies; and
  > 10.73% - 22.17% for other companies.

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	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.
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.

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Name of Company	Place of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities
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	Ceased tourism related services activities in 2013.
Sabah Tea Resort Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.

* 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.

In 2012, 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.

NOTES TO THE FINANCIAL STATEMENTS

16. INVESTMENT IN AN ASSOCIATED COMPANY

The Group	2013 RM'000	2012 RM'000
Quoted shares, at cost	29,965	29,471
Share of post-acquisition results, net of dividends received	21,421	16,874
Share of post-acquisition reserves	3,581	3,239
	25,002	20,113
	54,967	49,584
Market value of:		
Quoted shares	75,278	43,945
Quoted Warrants	7,078	2,324

The Company	2013 RM'000	2012 RM'000
Quoted shares, at cost	29,965	29,471
Market value of:		
Quoted shares	75,278	43,945
Quoted Warrants	7,078	2,324

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

	The Group	
	2013 RM'000	2012 RM'000
Share of net assets	56,015	50,632
Reserve on acquisition	(1,048)	(1,048)
	54,967	49,584

NOTES TO THE FINANCIAL STATEMENTS

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

Name of Company	Place of Incorporation	Effective Equity Interest 2013 %	Effective Equity Interest 2012 %	Principal Activities	Financial Year End
Spritzer Bhd.	Malaysia	32.05	32.26	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, 2013 have been used, and appropriate adjustments have been made for the effects of significant transactions between that date and December 31, 2013.

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

	The Group 2013 RM'000	The Group 2012 RM'000
Total assets	294,421	278,368
Total liabilities	(121,611)	(121,839)
Net assets	172,810	156,529
Group's share of associate's net assets	56,015	50,632
Total revenue	223,717	185,289
Total profit for the year	19,335	13,439
Group's share of associate's profit for the year	6,238	4,347

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.

NOTES TO THE FINANCIAL STATEMENTS

17. OTHER INVESTMENTS

The Group	2013 RM'000	2012 RM'000
Available-for-sale investments carried at fair value:		
Quoted shares in Malaysia:		
At beginning of year	12	11
Fair value adjustment	1	1
At end of year	13	12

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

18. GOODWILL ON CONSILIDATION

The Group	2013 RM'000	2012 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	2013 RM'000	2012 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 2014 to 2018. The following key assumptions are used to generate the financial forecast:

Growth rate:	
Year 2014 and 2015	0.0% per annum
Year 2016, 2017 and 2018	-0.5% per annum
Discount rate	23.89% 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.

NOTES TO THE FINANCIAL STATEMENTS

19. INVENTORIES

The Group	2013 RM'000	2012 RM'000
At cost/net realisable value:		
Finished goods and trading merchandise	39,709	41,111
Raw materials	20,925	14,792
Work-in-progress	5,950	4,404
Factory supplies and consumables	3,298	2,799
Goods-in-transit	2,416	1,054
Fertilisers	57	54
	72,355	64,214

The cost of inventories recognised as an expense during the year for the Group was RM535,733,887 (2012: RM579,389,394).

Inventories written off recognised as an expense for the Group during the financial year amounted to RM1,390,588 (2012: RM2,026,813).

Inventories written down by the Group during the year amounted to RM804,538 (2012: RM562,528) and inventories written back by the Group during the year amounted to RM602,586 (2012: RM1,486,072).

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables	109,513	113,296	-	-
Less: Allowance for doubtful debts	(687)	(614)	-	-
	108,826	112,682	-	-
Amount owing by ultimate holding company (Note 21)	400	2,819	-	-
Amount owing by subsidiary companies (Note 21)	-	-	16,755	15,073
Amount owing by other related companies (Note 21)	9,809	14,081	-	-
Amount owing by other related parties (Note 21)	5,294	3,681	-	-
Other receivables	12,308	9,177	-	-
Less: Allowance for doubtful debts	(30)	-	-	-
	12,278	9,177	-	-
Net	136,607	142,440	16,755	15,073

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (CONT'D)

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

The credit periods granted on sale of goods ranged from cash to 120 days (2012: 2 to 120 days) whilst tourism related services rendered ranged from 30 to 90 days (2012: 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 and other receivables of the Group amounting to RM687,396 (2012: RM613,547) and RM29,670 (2012: Nil) respectively and have been determined by reference to past default experience.

Movement in the allowance for doubtful debts is as follows:

	Trade receivables		Other receivables	
The Group	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Balance at beginning of year	614	1,406	-	-
Amounts written off during the year as uncollectible	(78)	(195)	-	-
Impairment losses recognised on receivables	341	380	30	-
Impairment losses reversed	(190)	(977)	-	-
	687	614	30	-

Ageing of impaired trade and other receivables are as follows:

	Trade receivables		Other receivables	
The Group	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Number of days past due:				
61 - 90 days	-	23	-	-
Above 90 days	687	591	30	-
	687	614	30	-

Ageing of trade receivables and trade account 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	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Number of days past due:				
1 - 30 days	14,825	33,044	544	753
31 - 60 days	4,636	10,218	488	166
61 - 90 days	2,373	5,047	146	150
91 - 120 days	1,616	841	189	214
More than 120 days	531	996	8,598	12,579
	23,981	50,146	9,965	13,862

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES (CONT'D)

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.

Other receivables of the Group comprise mainly subsidy receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization and Standardization 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	125,860	126,652	16,755	15,073
Vietnamese Dong	7,489	6,157	-	-
Australian Dollar	2,777	3,831	-	-
United States Dollar	989	6,274	-	-
Singapore Dollar	209	140	-	-
	137,324	143,054	16,755	15,073

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 companies	Relationships
Yew Lee Chiong Tin Factory Sdn. Bhd.	Subsidiaries of Yee Lee Organization Bhd.
Kasjaria-Kim Huat (M) Sdn. Bhd.	
Practical Advanced Technology Sdn. Bhd.	
Cranberry (M) Sdn. Bhd.	
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.	
Multisafe Sdn. Bhd.	
Sri Puteh Development Sdn. Bhd.	

NOTES TO THE FINANCIAL STATEMENTS

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

Related party transactions

Transactions with related companies are as follows:

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ultimate holding company				
Interest on advances received	140	255	-	-
Sale of goods	1	1	-	-
Subsidiary companies				
Dividends received (gross)	-	-	5,280	3,640
Purchase of goods	-	-	6	5
Associated company				
Sale of goods	1	2	-	-
Dividends received (gross)	-	-	1,690	1,268
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	150	123	-	-
Sale of goods	6	98	-	-
Transportation fees received	1	-	-	-
Professional fees received/receivable	-	9	-	-
Kasjaria-Kim Huat (M) Sdn. Bhd.				
Rental received	12	12	-	-
Practical Advanced Technology Sdn. Bhd.				
Maintenance of networking, system, training and management services rendered	1,262	1,128	-	-
Disposal of property, plant and equipment	32	-	-	-
Rental on premises received	-	3	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cranberry (M) Sdn. Bhd.				
Rental on premises received	12	12	-	-
Purchase of goods	12	-	-	-
Sale of goods	1	1	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte. Ltd.				
Sale of goods	37	39	-	-
Multisafe Sdn. Bhd.				
Sale of goods	815	804	-	-
Sale of steam	330	244	-	-
Transportation fees received/receivable	-	3	-	-
Sri Puteh Development Sdn. Bhd.				
Sale of goods	1	1	-	-
Transactions with other related parties being companies in which persons connected with certain directors have substantial interests are as follows:				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	1,896	1,649	-	-
Interest on hire-purchase loans paid	168	186	-	-
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	38	40	8	8
Sale of goods	1	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,303	1,378	3	2
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	56	56	-	-
Rental received	2	-	-	-
Chuan Sin Sdn. Bhd.				
Purchase of goods	120,824	99,534	-	-
Sale of goods	4,616	5,675	-	-
Transportation fees received	20	-	-	-
Professional fees received/receivable	13	8	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	11,703	11,982	-	-
Sale of goods	347	401	-	-
Transportation fees received	199	173	-	-
Professional fees received/receivable	8	6	-	-
Rental on premises paid/payable	6	72	-	-
Disposal of property, plant and equipment	3	-	-	-
Angenet Sdn. Bhd.				
Purchase of goods	5,063	4,339	-	-
Professional fees received/receivable	2	1	-	-
PET Master Sdn. Bhd.				
Sale of goods	-	6	-	-
Transport Master Sdn. Bhd.				
Contract wages paid/payable	1,518	998	-	-
Sale of goods	11	6	-	-
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	-	355	-	-
Sale of goods	-	5	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cactus Marketing Sdn. Bhd.				
Sale of goods	143	60	-	-
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	847	695	-	-
Sabah Tea Garden Sdn. Bhd.				
Sale of goods	30	-	-	-
Transactions with certain directors of the Group are as follows:				
Mr. Lim Kim Kow				
Disposal of property, plant and equipment	60	-	-	-
Mr. Wong Hung				
Disposal of property, plant and equipment	60	-	-	-

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

The amounts 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 at a rate of 8.00% (2012: 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.

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	
	2013 RM'000	2012 RM'000
Short-term employee benefits	1,594	1,256
Past-employment benefits - Defined contribution plan	126	131
Equity-settled share-based payments	178	70
	1,898	1,457

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 RM51,792 (2012: RM40,500).

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER ASSETS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits	3,150	1,667	2	2
Prepaid expenses	2,636	1,374	-	2
	5,786	3,041	2	4

23. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits with licensed banks	9,556	14,404	-	-
Cash on hand and at banks	26,456	21,622	22	25
	36,012	36,026	22	25

Fixed deposits amounting to RM10,000 (2012: 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 2.73% to 7.00% (2012: 2.50% to 9.00%) per annum. The deposits have maturity periods ranging from 5 days to 365 days (2012: 5 days to 365 days).

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	21,244	27,649	22	25
Australia Dollar	10,196	3,633	-	-
Vietnamese Dong	3,889	3,365	-	-
United States Dollar	681	1,377	-	-
Singapore Dollar	1	1	-	-
Euro	1	1	-	-
	36,012	36,026	22	25

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL

		The Group and The Company			
	Par value RM	2013 Number of ordinary shares '000	2012 Number of ordinary shares '000	2013 RM'000	2012 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	175,586	175,572	87,793	87,786
Issuance of shares - exercise of ESOS	0.50	2,778	15	1,389	7
At end of year	0.50	178,364	175,587	89,182	87,793

The Company increased its issued and paid-up ordinary share capital during the financial year by the issuance of 2,777,500 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable reserves:				
Share premium	790	4	790	4
Property revaluation reserve	53,578	53,529	-	-
Investment revaluation reserve	(7)	(8)	194,662	167,840
Translation reserve	(763)	(1,804)	-	-
Capital reserves	1,704	1,362	-	-
Equity-settled employee benefits reserve	1,515	736	1,515	736
	56,817	53,819	196,967	168,580
Distributable reserve:				
Retained earnings	177,930	147,403	28,950	25,823
	234,747	201,222	225,917	194,403

NOTES TO THE FINANCIAL STATEMENTS

25. RESERVES (CONT'D)

(a) *Share premium*

Share premium arose from the following:

	The Group and The Company	
	2013 RM'000	2012 RM'000
Exercise of share options of shares issued at a premium of:		
- 2,760,000 new ordinary shares of RM0.50 each at RM0.28 per ordinary share	777	4
- 17,500 new ordinary shares of RM0.50 each at RM0.76 per ordinary share	13	-
	790	4

(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 investments. When investments are disposed of, the portion of the reserve that relates to the disposed investments is effectively realised, and is transferred directly to statements of profit or loss.

(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 relate to the 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.

(g) *Retained earnings*

The Company had not previously made an irrevocable option to disregard the Section 108 tax credit under the Finance Act 2007. Accordingly, the Company will move to a single tier tax system upon expiry of the transitional period on December 31, 2013. Any remaining balance in the Section 108 tax credit will be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

26. BORROWINGS

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unsecured:				
Bankers' acceptances	71,314	81,395	-	-
Revolving credits	16,000	16,000	1,000	1,000
Term loans	8,527	11,844	-	-
Bank overdrafts	4,280	9,631	-	-
Trust receipts	-	436	-	-
Secured:				
Hire-purchase payables (Note 27)	2,869	2,444	-	-
	102,990	121,750	1,000	1,000
Less: Amount due within 12 months (shown under current liabilities)	(95,863)	(111,879)	(1,000)	(1,000)
Non-current portion	7,127	9,871	-	-

The non-current portion is repayable as follows:

	The Group	
	2013 RM'000	2012 RM'000
Financial years ending December 31:		
2014	-	3,771
2015	3,328	2,739
2016	2,243	1,793
2017	1,535	1,568
2018 and above	21	-
	7,127	9,871

NOTES TO THE FINANCIAL STATEMENTS

26. BORROWINGS (CONT'D)

The Group has nine (9) term loans:

(a) A ten (10) year term loan of RM2,100,000 (2012: 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 (2012: RM1,200,000) which is repayable by 60 equal monthly instalments commencing September, 2008. The term loan has been fully settled during the year;

(c) A five (5) year term loan of RM1,500,000 (2012: 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 (2012: 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 (2012: 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 (2012: 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 (2012: RM1,000,000) which is repayable by 60 equal monthly instalments commencing November, 2010;

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

(i) A seven (7) year term loan of RM6,200,000 (2012: Nil) which is repayable by 84 equal monthly instalments after first drawdown. As of December 31, 2013, this term loan has yet to be drawn down.

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2013 %	2012 %	2013 %	2012 %
Bankers' acceptances	3.44	3.37	-	-
Revolving credits	4.24	4.34	4.10	4.25
Term loans	5.45	6.29	-	-
Bank overdrafts	7.62	7.62	7.60	7.60
Trust receipts	6.85	6.85	-	-

The credit facilities of the Group and of the Company of RM315,537,000 and RM2,000,000 (2012: RM349,354,000 and RM2,000,000) respectively are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

27. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments 2013 RM'000	Minimum hire-purchase payments 2012 RM'000	Present value of minimum hire-purchase payments 2013 RM'000	Present value of minimum hire-purchase payments 2012 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	1,297	1,287	1,331	1,175
In the second to fifth year inclusive	1,853	1,389	1,538	1,269
	3,150	2,676	2,869	2,444
Less: Future finance charges	(281)	(232)	-	-
Present value of hire-purchase payables	2,869	2,444	2,869	2,444
Less: Amount due within 12 months (shown under current liabilities)			(1,331)	(1,175)
Non-current portion			1,538	1,269

The non-current portion is repayable as follows:

	The Group 2013 RM'000	The Group 2012 RM'000
Financial years ending December 31:		
2014	-	801
2015	962	395
2016	517	73
2017	38	-
2018	21	-
	1,538	1,269

As of December 31, 2013, hire-purchase obligations of the Group payable to a related party amounted to RM2,721,320 (2012: RM2,373,216).

The terms for hire-purchase ranged from 2 to 5 years (2012: 2 to 5 years). For the financial year ended December 31, 2013, the effective hire-purchase interest rates ranged from 4.57% to 9.38% (2012: 3.51% to 8.77%) 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.

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES

The Group	At beginning of year RM'000	Recognised in statements of profit or loss RM'000	Recognised in property revaluation reserve RM'000	At end of year RM'000
2013				
Deferred tax liabilities				
Property, plant and equipment	(8,992)	(974)	-	(9,966)
Property revaluation reserve	(12,146)	399	49	(11,698)
Investment properties	(60)	2	-	(58)
	(21,198)	(573)	49	(21,722)
Deferred tax assets				
Inventories	237	50	-	287
Unabsorbed capital allowances and unutilised tax losses	563	(563)	-	-
Allowance for doubtful debts	48	(19)	-	29
Unrealised loss on foreign exchange	29	(29)	-	-
	877	(561)	-	316

The Group	At beginning of year RM'000	Recognised in statements of profit or loss 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			
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

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES (CONT'D)

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

The Group	2013 RM'000	2012 RM'000
Net deferred tax liabilities	(21,406)	(20,321)

Unrecognised deferred tax assets

The Group	2013 RM'000	2012 RM'000
Deferred tax assets not recognised at the reporting period:		
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	51,789	42,172

As mentioned in Note 3, the effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances which would give rise to deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which these unutilised tax losses and unabsorbed agricultural and tax capital allowances can be utilised.

29. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade payables	37,487	34,708	-	-
Amount owing to ultimate holding company (Note 21)	64	319	-	-
Amount owing to subsidiary companies (Note 21)	-	-	8,248	10,967
Amount owing to other related companies (Note 21)	127	191	-	-
Amount owing to other related parties (Note 21)	43,905	46,160	-	-
Other payables	11,996	10,685	12	26
	93,579	92,063	8,260	10,993

NOTES TO THE FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES (CONT'D)

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

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	91,023	85,062	8,260	10,993
Vietnamese Dong	1,340	833	-	-
United States Dollar	1,093	5,707	-	-
Singapore Dollar	123	210	-	-
Euro	-	226	-	-
Great Britain Pound	-	25	-	-
	93,579	92,063	8,260	10,993

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit periods granted to the Group for trade purchases ranged from 30 to 120 days (2012: 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits received	567	495	-	-
Accrued expenses	18,148	15,809	199	171
	18,715	16,304	199	171

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDEND

	The Group and The Company	
	2013 RM'000	2012 RM'000
First and final dividend paid:		
- 2.0 sen per share, less tax for 2012		
(2012: 2.5 sen per share, less tax for 2011)	2,665	3,292
- 0.5 sen per share, tax-exempt for 2012 (2012: Nil)	889	-
	3,554	3,292

A first and final dividend of 2.0 sen per share, less tax and 0.5 sen per share, tax-exempt, 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 3.0 sen per share, under the single tier system, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENTS (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENTS (CONT'D)

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.

   Options 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 respects 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 dividends, rights, allotment and/or other form of distribution that may be 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 1.1.2013 '000 units	Granted '000 units	Lapsed '000 units	Exercised '000 units	Balance as of 31.12.2013 '000 units
17.8.2012	16.8.2017	0.78	0.1921	3,832	-	(125)	(2,760)	947
19.8.2013	16.8.2017	1.26	0.3289	-	4,077	(7)	(18)	4,052
				3,832	4,077	(132)	(2,778)	4,999

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 70,000 ordinary shares each.

NOTES TO THE FINANCIAL STATEMENTS

32. SHARE-BASED PAYMENTS (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 during the current financial year under the ESOS for and in excess of 70,000 ordinary shares of RM0.50 each are as follows:

	Number of options over ordinary shares of RM0.50 each
Mr. Lee Kon Cheng	82,500
Mr. Lim Kim Kow	82,500
Mr. Wong Hung	75,000
Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon	75,000
Mr. Seow Soon Hoo	85,000
Ms. Ooi Guat Ee	70,000
Mr. Yap Sin Kheong	70,000

The fair value of the options was determined using the "Black-Scholes" model based on the closing market price at offer date, exercise price and option life as mentioned above, expected volatility based on its historical volatility for the past three years, expected dividend yield based on dividend declared in year 2012 and 2013, risk-free rate at grant date and historical employee exercise behaviour.

33. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Financial assets				
Loans and receivables:				
Trade and other receivables	136,607	142,440	16,755	15,073
Refundable deposits	589	572	2	-
Deposits, cash and bank balances	36,012	36,026	22	25
Available-for-sale:				
Investments in subsidiary companies	-	-	277,421	249,345
Other investments	13	12	-	-
Financial liabilities				
Other financial liabilities:				
Trade and other payables	93,579	92,063	8,260	10,993
Borrowings	102,990	121,750	1,000	1,000
Accrued expenses	18,148	15,809	199	171

NOTES TO THE FINANCIAL STATEMENTS

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 ("VND") 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 fluctuation in exchange rates for the currencies of USD, AUD and VND. The management considers that the impact of other currencies to be minimal.

The following table details the sensitivity of the Group to a 1% (2012: 1%) increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1% (2012: 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% (2012: 1%) change in foreign currency rates. A positive number below indicates an increase in profit after tax where RM weakens by 1% (2012: 1%) against the respective currencies. For a 1% (2012: 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.

	Statements of profit or loss		Other equity	
The Group	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
USD impact	4	15	-	-
AUD impact	97	56	-	-
VND impact	-	-	75	65

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) *Market risk (Cont'd)*

(ii) Equity price risk

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes.

Equity price sensitivity analysis

Quoted equity investments

Management does not consider the Group's exposure to price risk significant at the end of the reporting period due to the immaterial value of 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:

	2013 RM'000	2012 RM'000
Increase in growth rate by 1.00% (2012: 1.00%)	39,800	56,884
Decrease in growth rate by 1.00% (2012: 1.00%)	(30,342)	(43,771)
Decrease in discount rate by 3.00% (2012: 3.00%)	238,298	51,233
Increase in discount rate by 3.00% (2012: 3.00%)	(99,392)	(39,155)

In the above scenarios, the Company's net profit for the year ended December 31, 2013 would have been unaffected as the equity investments are classified as available-for-sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) *Market risk (Cont'd)*

(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 2 to 24 basis points (2012: 3 to 10 basis points), with all other variables held constant, the Group's and the Company's profit net of tax would have been RM92,342 and RM1,125 (2012: RM38,143 and RM750) 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.

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 and Standardization 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(b) *Credit risk (Cont'd)*

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 30 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 and credit and leasing company in respect of credit and hire-purchase 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 RM316,259,000 (2012: RM349,727,000) 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.

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 RM215,416,000 and RM1,000,000 (2012: RM230,048,000 and RM1,000,000) respectively which are unused at the end of the reporting period. The Group and the Company expect to meet their financial obligations from their operating cash flows and proceeds from maturing financial assets.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

The Group	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
2013				
Non-derivative financial assets:				
Trade and other receivables	136,607	-	-	136,607
Refundable deposits	589	-	-	589
Deposits, cash and bank balances	36,211	-	-	36,211
Total undiscounted non-derivative financial assets	173,407	-	-	173,407
Non-derivative financial liabilities:				
Trade and other payables	93,579	-	-	93,579
Borrowings	96,275	7,975	-	104,250
Accrued expenses	18,148	-	-	18,148
Total undiscounted non-derivative financial liabilities	208,002	7,975	-	215,977
Total net undiscounted non-derivative financial liabilities	(34,595)	(7,975)	-	(42,570)

NOTES TO THE FINANCIAL STATEMENTS

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

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

The Group	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
2012				
Non-derivative financial assets:				
Trade and other receivables	142,440	-	-	142,440
Refundable deposits	572	-	-	572
Deposits, cash and bank balances	36,026	-	-	36,026
Total undiscounted non-derivative financial assets	179,038	-	-	179,038
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)	-	(52,878)

NOTES TO THE FINANCIAL STATEMENTS

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

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

The Company	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
2013				
Non-derivative financial assets:				
Trade and other receivables	16,755	-	-	16,755
Refundable deposits	2	-	-	2
Cash and bank balances	22	-	-	22
Total undiscounted non-derivative financial assets	16,779	-	-	16,779
Non-derivative financial liabilities:				
Trade and other payables	8,260	-	-	8,260
Borrowings	1,000	-	-	1,000
Accrued expenses	199	-	-	199
Total undiscounted non-derivative financial liabilities	9,459	-	-	9,459
Total net undiscounted non-derivative financial assets	7,320	-	-	7,320

NOTES TO THE FINANCIAL STATEMENTS

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

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

The Company	On demand or within one year RM'000	One year to five years RM'000	Over five years RM'000	Total RM'000
2012				
Non-derivative financial assets:				
Trade and other receivables	15,073	-	-	15,073
Cash and bank balances	25	-	-	25
Total undiscounted non-derivative financial assets	15,098	-	-	15,098
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	-	-	2,934

NOTES TO THE FINANCIAL STATEMENTS

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

(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 2012.

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	
	2013 '000	2012 '000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Outstanding contracts						
Sell USD	124	410	398	1,253	8	1

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 included in Level 2 category of the fair value hierarchy in accordance with FRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans.

The fair values of hire-purchase of the Group are included in Level 2 category of the fair value hierarchy in accordance with FRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements and approximate their carrying amounts.

The fair value of unquoted and quoted investments classified as available-for-sale are disclosed in Notes 15 and 17 respectively.

NOTES TO THE FINANCIAL STATEMENTS

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

(d) *Capital risk management (Cont'd)*

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Other investments	13	-	-	13
2012				
Other investments	12	-	-	12

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

The Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Investments in subsidiary companies	-	-	277,421	277,421
2012				
Investments in subsidiary companies	-	-	249,345	249,345

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

Reconciliation of Level 3 fair value measurements of financial assets

Company	Available-for-sale financial assets Investments in subsidiary companies 2013 RM'000	2012 RM'000
At beginning of year	249,345	217,154
Additions arising from shares options granted	1,254	703
Total gain recognised in other comprehensive income	26,822	31,488
At end of year	277,421	249,345

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.

NOTES TO THE FINANCIAL STATEMENTS

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	
	2013 RM'000	2012 RM'000
Cash purchase	13,904	9,096
Deposit paid in prior year	5,277	4,300
Hire-purchase financing	1,991	1,728
Depreciation of property, plant and equipment capitalised	216	227
Outstanding included in other payable	129	-
Finance costs capitalised	12	18
	21,529	15,369

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 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deposits	9,556	14,404	-	-
Cash and bank balances	26,456	21,622	22	25
Bank overdrafts	(4,280)	(9,631)	-	-
	31,732	26,395	22	25
Less: Fixed deposits pledged to a licensed bank	(10)	(10)	-	-
	31,722	26,385	22	25

35. COMMITMENTS

As of December 31, 2013, the Group has the following commitments in respect of property, plant and equipment:

	The Group	
	2013 RM'000	2012 RM'000
Capital expenditure:		
Approved and contracted for	13,465	386

NOTES TO THE FINANCIAL STATEMENTS

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	
	2013 RM'000	2012 RM'000
Within one year	575	2,610
In the second to fifth year	98	1,637
	673	4,247

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 (2012: 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, 2013 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiary companies				
Realised	163,173	136,291	28,950	25,823
Unrealised	(9,650)	(8,115)	-	-
Total share of retained earnings from associated company				
Realised	21,422	16,874	-	-
	174,945	145,050	28,950	25,823
Add: Consolidation adjustments	2,985	2,353	-	-
Total retained earnings as per statements of financial position	177,930	147,403	28,950	25,823

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, 2013 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,
March 17, 2014

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 17th day of March, 2014.

Before me,

M. LOGANAYAGI P.P.T
NO:A226
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 6, 2014

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM89,694,100.00
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	122	3.62	6,733	0.00
100 to 1,000 shares	348	10.33	221,023	0.12
1,001 to 10,000 shares	1,949	57.85	10,371,038	5.78
10,001 to 100,000 shares	841	24.96	24,352,185	13.58
100,001 to less than 5% of issued shares	108	3.21	52,641,369	29.35
5% and above of issued shares	1	0.03	91,795,852	51.17
Total	**3,369**	**100.00**	**179,388,200**	**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**")	97,312,682	54.25	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	4,812,352	2.68	99,560,967 [a]	55.50
3. Datin Chua Shok Tim @ Chua Siok Hoon	1,259,369	0.70	103,100,584 [b]	57.47
4. Unikampar Credit And Leasing Sdn Bhd ("**UCL**")	20,350	0.01	97,312,682 [c]	54.25
5. Uniyelee Sdn Bhd ("**UYL**")	81,762	0.05	97,336,677 [d]	54.26
6. Yeleta Holdings Sdn Bhd ("**YH**")	51,243	0.03	97,438,789 [e]	54.32
7. Young Wei Holdings Sdn Bhd ("**YW**")	12,715	0.01	97,490,032 [f]	54.35

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.

ANALYSIS OF SHAREHOLDINGS
AS AT MAY 6, 2014

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	1.66	455,000 [a]	0.25
2. Dato' Lim A Heng @ Lim Kok Cheong	4,812,352	2.68	99,560,967 [b]	55.50
3. Thang Lai Sung	78,398	0.04	-	-
4. Chok Hooa @ Chok Yin Fatt	174,032	0.10	-	-
5. Lim Ee Young	771,356	0.43	14,000 [c]	0.01
6. Dato' Mohd Adhan bin Kechik	91,664	0.05	-	-
7. Lee Kee Hong	70,312	0.04	-	-
8. Sow Yeng Chong	11,000	0.01	1,808 [c]	**

Notes:-

[a] Deemed interest by virtue of the shares held by his spouse and 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	7,974,506 [a]	72.50
2. Thang Lai Sung	1,716	0.02	-	-
3. Lim Ee Young	31,614	0.29	-	-
4. Lee Kee Hong	19,800	0.18	-	-

[a] Deemed interest by virtue of his shareholding in YW and UP, and the shares held by his spouse and children in YLO pursuant to Section 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 6, 2014

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd	91,795,852	51.17
2. Yee Lee Organization Bhd	5,516,830	3.08
3. Lim A Heng @ Lim Kok Cheong	4,812,352	2.68
4. DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG Singapore for IAM Traditional Asian Growth Fund	3,016,000	1.68
5. Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	2,978,614	1.66
6. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	1,720,000	0.96
7. Nik Mohamad Pena bin Nik Mustapha	1,570,000	0.88
8. Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	1,490,000	0.83
9. DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	1,489,600	0.83
10. Jailani bin Abdullah	1,433,264	0.80
11. Lai Ka Chee	1,285,232	0.72
12. Chua Shok Tim @ Chua Siok Hoon	1,259,369	0.70
13. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	1,000,040	0.56
14. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB-OSK Small Cap Opportunity Unit Trust	1,000,000	0.56
15. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	1,000,000	0.56
16. Koperasi Permodalan Felda Malaysia Berhad	1,000,000	0.56
17. Lim Peng Jin	1,000,000	0.56
18. DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investments Dana Al-Ilham	899,300	0.50
19. Lim Ee Young	771,356	0.43
20. DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Hong Leong Consumer Products Sector Fund	710,000	0.40
21. DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investments My Focus Fund	581,600	0.32
22. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB-OSK Emerging Opportunity Unit Trust	550,000	0.31
23. RHB Nominees (Tempatan) Sdn Bhd Exempt An for RHB Islamic International Asset Management Berhad	524,900	0.29
24. DB (Malaysia) Nominee (Tempatan) Sdn Bhd Deutsche Trustees Malaysia Berhad for Eastspring Investments Balanced Fund	523,600	0.29
25. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Kuan Peng Ching @ Kuan Peng Soon	489,500	0.27
26. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	456,000	0.25
27. Maybank Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Toh Lian Choo (Che King Tow)	450,000	0.25
28. Tan Eng Guan	450,000	0.25
29. Wong Shak On	400,000	0.22
30. Chua Yeow Huat	380,000	0.21
Total	**130,553,409**	**72.78**

TOP 10 PROPERTIES OF THE GROUP
AS AT DECEMBER 31, 2013

Location	Tenure	Current Use	Approximate Age of Building (Years)	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	13	14,729/ 12,274	31.12.2009	28,911
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	32	8,314,820/ 13,492	31.12.2009	19,232
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	38	34,368/ 18,967	31.12.2009	17,539
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,003,967	31.12.2009	16,042
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	29	150,625/ 11,637	31.12.2009	14,917
HS(M) 3292 - Lot PTD102569, Mukim Senai, Daerah Kulai Jaya, Johor Darul Takzim	Freehold	One storey warehouse and office	-	25,353/ 4,604	30.06.2010	9,820
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	17	10,866/ 7,441	31.12.2009	8,919
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	6	13,520/ 5,504	31.12.2009	7,522
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

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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)

NRIC/Passport/Company No. ____

of ____
(Address)

being a member of **YEE LEE CORPORATION BHD**, hereby appoint ______________________________
(Full name in block letters)

NRIC/Passport/Company No. ____

of ____
(Address)

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

of ____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Forty-First Annual General Meeting of the Company to be held on Wednesday, June 25, 2014 at 11.00 a.m. at Rooms 4 & 5, Level 1, Impiana Hotel Ipoh, No. 18, Jalan Raja Dr. Nazrin Shah, 30250 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 Lee Kee Hong as Director		
4.	To re-elect Sow Yeng Chong 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 (formerly known as 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		

Dated this _______________ day of June 2014.

____
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 18, 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

Fold this flap for sealing

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STAMP

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

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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