

1st January - 30th June 2020

NEWSLETTER



HONOURING THE FRONTLINERS, OUR SUPERHEROES!

OUR NEW NORMAL RED COCONUT HONG KONG LIMITED

CELEBRATE EVERY MOMENT

THE BOUNTIFUL EYE FOUNDATION MALAYSIA BUSINESS GROUP

#KITAJAGAKITA

#PASSIONWITHCOMPASSION

#ALITTLEHELPTHATGOESALONGWAY

Message from the Group Chairman

An Overview

Vision 2020 was launched by our fourth Prime Minister, Tun Dr Mahathir Mohamad to make Malaysia a developed Nation encompassing all aspects of life from economic prosperity, social well-being, educational world class, political stability, as well as racial equilibrium. Many of our colleagues are too young to know, as it was launched in 1991 and to our great disappointment, the vision did not achieve its desired goal. As our Newsletter is not a political forum to spread or debate, I shall just stop here.

On the eve of 2020, countries around the world were exuberating and celebrating in welcoming the new decade with full of hopes and expectations for a better decade other than trade wars with the two biggest economies, US and China towards end part of 2018 and right through 2019.

In early 2020, the whole world came crushing when the outbreak of coronavirus (Covid-19) disease was declared a global pandemic by the World Health Organisation. The virus, which causes the respiratory infection, started in China spreading quickly across the globe in the first three months of 2020, literally forcing a mandatory lockdown causing a humongous impact on the global economy. Many trade and businesses were badly affected due to the restrictions imposed to curb the outbreak. Sadly, many companies went into severe financial duress within 3 to 4 months and some had to cease business.

What does this pandemic mean to us at Linaco?

Initially, when the MCO was announced, the directors were experiencing some anxiety, not knowing where this will lead to, forcible shutting down all production, no sales or deliveries and no revenues. They immediately did a simulation graphic cash flow to see how many months we can sustain our cash to keep the company afloat. Plans were also drawn up with few options; pay cuts, layoffs, stringent cost control and other related measures.

Whilst all these proactive actions are being planned to curtail running cost, we were overjoyed to hear the good news that being an essential food company, special permits were given almost immediately to resume operations. Indeed, we thank God for such exemption given.

What have we learned while going through MCO?

Many of us would have experienced different learning for oneself, family, work, social and etc., on the new norm, social distancing, disciplining and cleanliness. It's also a wakeup call for me personally. Things can change in a twinkle of an eye. This economic storm coming forth from the pandemic is the worst in my generation. Many successful business friends of mine, who are captain of the industries, see their companies crumble under the weight of this economic storm leaving some directionless, while others salvaging and consolidating their business operations by way of drastic retrenchment, downsizing or just leaving to the destiny.

I am truly thankful to God for the blessing the industry we are in. As from now, we will take precaution and necessary measures to ensure sustainability in all our businesses.

Post MCO

Everyone should continue the safety measures being recommended in the office and at home. Be sensible and careful in your daily living.

Needless to say, every crisis creates opportunities. So all of us should take this challenge in thinking out of the norm and be creative and innovative in responding to the changes through this crisis.

Adapt to new learning skills and development through virtual meetings, webinars etc. Six months ago, many of us were reluctant to discuss matters through group voice calls, let alone video calls. Me, too, have been forced to pick new methods of communication though I am in no denial that physical meetings are still the best and the most effective at any time. With restrictions of traveling and different regulations all over the world, social distancing has now become a new norm. Make good use of the savings of traveling time through virtual conferences and meetings. You will be surprised that your work rate can be multiplied and the effectiveness of your discussions is not compromised! We need to adapt and change as our environment changes.

To this end, as Chairman of the Group, I look forward to a vibrant and dynamic team in the making.

Richard Ling





We're blessed so that we can bless many others by the Group M.D.

This is definitely an exciting yet a humbling year for most of us. Never in my 41 years (I mean, I'm 41yo but not that I knew what life was immediately I was born) have I experienced or imagine there would be a global lockdown due to a pandemic which disrupted and destroyed many. I shared with some of HODs that I did not get to experience the Asian Financial Crisis in 1997 and it would be interesting on how, we as a group pulled through this one-of-a-kind unprecedented crisis that have affected the global economy, including us.

Recession is bound to happen and Covid-19 has definitely brought it earlier. As a group (The LINACO Group), we are indeed blessed that our business is still running and this has taught us to be grateful with what we currently have. Many have shared that when crisis strikes, opportunity comes knocking. For Linaco, we managed to revive our old-time customer and the opportunity to continue and increase in our giving; impacting and providing hope to those affected during MCO. Loss of income and families without food were some of the sad news we received and we told ourselves that we have to do something during this time of uncertainties.

Besides our external giving, we also want to ensure that our own people are well taken care too. I was glad that we did not need to raise any austerity measures and till-date, none of our people were affected by the disease too. God's protection is indeed upon us. With no local and international travels, I had so much time for reflection, rejuvenation, reminiscing the past, (not that I did not have such time before) realigning the current and set strategies for the future. It was also the process of adopting the new normal, I definitely miss hugging some of you and getting close to all of you. (I mean a friendly, brotherly hug)

Ultimately, my wish to everyone is to "Act Justly, Love Mercy and Walk Humbly". Together we can do so much more and always remain ready to help those in need.

Last but not least, as you may notice there's a lot of brackets in what I wanted to say. It simply mean, that there are messages what may not be seen or heard, but if you observe closely, every stage of life, there is a subtle message for everyone of us. Open your eyes and heart, and pay attention to what is laid in front of you. God bless.

Dimmy Ling



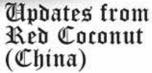
To our fellow executives, opt for a 2nd hand car instead of a

brand-new. This is the time where some are no longer able to service their hire purchase loan and will be forced to forego of their not so old cars. Go, check out at the second hand car outlets. Don't rush into buying. Consult the wise.

Remember to celebrate with your mother on your birthday. Thank the person who've brought you into this world and where you are today was because of her love and commitment.

Journey through the 3 tiers in life;

- a. KNOWLEDGE study and gain as much knowledge as you can.
- EXPERIENCE grab as many experiences in your 20s to 30s.
- c. WISDOM combine both Knowledge & Experience.











very FIRST
Bihun will be
launched
in China soon!
Design by
Chai
Bao Fei.

Rasaku's





In conjunction with Covid-19 MCO and Ramadhan, 13 members of the Malaysia Business Group joint-hands in sponsoring their products for the Ramadhan Charity Drive. Various food and beverage products were consolidated at Linaco's warehouse and sorted into 900 food aid of "Kotak Kebahagiaan". They were distributed to the underprivileged families at PPR Lembah Subang and deserving families through Food Aid Foundation and Dignity For Children Foundation.





KidzRead and Super Sarapan with Yayasan Generasi Gemilang

Yayasan Generasi Gemilang (GG), set up with a mission to improve lives of underserved children and families by increasing access to quality education, for their believe that quality education is key in helping these children and families to overcome the poverty cycle.

Since February 2020, TBEF is supporting GG's KidzRead Programme in PPR Seri Pantai and Super Sarapan Programme in SMK La Salle, Klang to provide the children with education and nutritional food respectively.

KidzRead is a programme for children to enjoy and learn English through reading. Children in PPR Seri Pantai learn via a 1-to-1 mentoring approach to improve their confidence and ability to converse in English.

With the recent Movement Control Order, the KidzRead sessions have switched to online sessions and GG have taken the initiative to improve digital accessibility for these children too.

Food Aid for Families in Need During Movement Control Order (MCO)

The global pandemic of Covid-19 has brought waves of challenges for many; these include loss of loved ones, livelihoods, social activities, access to healthcare, access to education, etc. These are particularly burdensome for the underprivileged and marginalized communities.

LINACO, TBEF and the Malaysia Business Group are well aware of these challenges and have been actively reaching out to communities – mostly in the form of food aid – during the nationwide Movement Control Order (MCO).

We have worked with several new and existing partners during MCO

to deliver food aid to families in need, namely, Dignity for Children Foundation, Food Aid Foundation, Generasi Gemilang, HELP Community Learning Centre, House of Hope Penang, Malaysia Business Group, MyKasih Foundation, The Lost Food Project, Kechara Soup Kitchen, Kembara Kitchen, Suriana Welfare Society etc.

Many of these partners work closely with the homeless, unemployed, single parent families, indigenous groups, refugees and those who have been laid off due to the pandemic.





families in need.







RM10,000 was contributed to support 30 families with income below RM2,500 at PPR Seri Pantai and PPR Putra Damai Lembah Subang. Each family is able to purchase essential items through MyKasih Foundation's cashless payment card.

"Stay Safe at Home, Stay Safe Online" Online Campaign with Protect & Save The Children (P.S.)

9 out 10 children aged 5-17 years old in Malaysia are using the internet and 117 Malaysian children were sexually assaulted by perpetrators they met through the Internet between January to May 2017, the numbers are growing indeed. (Source: ECPAT International)

Therefore, P.S. The Children - an NGO championing human rights and welfare of children - has initiated a campaign to promote both offline and online protection for children through massive sharing of available children helplines and support via short messages services (SMS). Through the sharing, every phone user in the country will receive this information including children.

This info includes online safety tips for children, children related topics such as child protection, therapeutic ways to manage stress and anxiety for children, interesting and fun online challenges introduced by other countries, factual information about the world around them (in example - sports, countries, animals); and available children helpline in Malaysia.







Getting Closer by the Group Executive Director

Ahh! The year 2020, the year of the rat, some say Mickey Mouse. It felt like we all went through Disneyland, except that the roller coaster ride wasn't really so enjoyable. For some, they never got out from the ride. For me, my family, and the bigger family of LINACO, I have to say, we were fortunate to experience the ride; with a little panic, desperation, and finally settling down.

On a personal level, the pandemic has taught me so much especially in the view of discipline; mental, physical and psychological. It has also opened my eyes to see the important things, and the simplicity of life, the wrong things we

held so dearly before the pandemic. It is indeed... a wakeup call.

At work, there was panic initially when the government announced a lockdown of all businesses. I cannot hide it that I was extremely worried because the group has more than 1500 direct employees. The impact is unimaginable. Thankfully, the turning point was when the announcement on lesser restrictions for essential goods and services. Even with that, there was so much of discussions and communications to be done in order for factories and the operations team to get into action. Everyone was worried. Worried of the pandemic, worried for themselves, their families, worried if the authorities are coming to the factory; you name it, we have the whole list of worries.

I have to thank the operations team for their persistence and determination in getting the factories running. Without them, maybe, or likely, I am now looking at different matters at the group level. We had a lot of arguments during the lockdown but as we looked back, it wasn't really an argument, it was relationship building. Sometimes I was right, sometimes not. It was knowing each other more; it was how to blend into the same mindset together, so we could overcome the matter. If there is one takeaway for the pandemic with regards to my work, it is nothing else



Yuen Chun Industries Celebrates its 110th Anniversary in 2020

Ming San

YCI at Chan Sow Lin in the 1970s

Choong San

As Yuen Chun Industries enters into an exciting future as part of the Linaco Group, it is a good time to reflect on its rich 110-year history and heritage as one of the oldest soya sauce businesses in Malaysia.

In 1910, Lee Nam started a provision store called Yuen Chun Chan in

Petaling Street (Kuala Lumpur Chinatown). Lee Nam was a nephew of Loke Yew and he emigrated to Malaya in the 1890s at the invitation of his famous uncle. The manufacturing of soya sauce was at that time an ancillary business of Yuen Chun Chan.

As the Yuen Chun brand soya sauce became a favourite of the Kuala Lumpur Chinese community and the manufacturing business began to grow, a factory was established in the 1920s in the corner of Jalan Imbi/ Jalan Sultan Ismail, where the Parkroyal Hotel now stands. The factory later shifted to Jalan Chan Sow Lin in the 1930s, where operations continued until

Dato Lee Kok Chee, Lee Nam's 4th son, took over the reins of Yuen Chun Chan after the end of World War 2. Apart from managing the business, he was a Director of several multinational companies including Shell and Guinness, an amazing achievement for someone with only a primary school education. One of his passions was horse racing and he served as Chairman of the In 1973, the manufacturing operations was carved out from the Yuen Chun Chan trading operations into Yuen Chun Industries Sdn Bhd. Dato Lee's eldest son, Dato' Lee Tak Lum oversaw the next phase of Yuen Chun Industries' growth. A second factory was established in Batu Caves to cater to the growing export market in 1997. During this

> time, Yuen Chun Industries began to expand its product range in the area of Halal food sauces as well as premium range, organic and gluten free sauces.

> Today, Yuen Chun Industries manufactures a whole range of sauces solely out of its new 3.5 acre modern manufacturing facility in Bandar Enstek, Negri Sembilan, having closed down its factories in Jalan Chan Sow Lin in 2015 and in Batu Caves in 2019.

> > 2019 also marked a momentous time in the history of Yuen Chun Industries, with the then existing shareholders, Lee Ming San and Lee Choong San (both great grandsons of the founder, Lee Nam), joining forces with the Ling Family. Yuen Chun Industries became part of the Linaco Group from 1 July 2019.

The organisation structure of Yuen Chun Industries was brought in line with Linaco, resulting in many synergistic benefits in the areas of manufacturing, procurement, marketing, distribution, finance and human resources.

As a result, Yuen Chun Industries, now in its 110th year, is enjoying unprecedented growth in both its domestic and export markets and looking forward to many new business opportunities in the years to follow.



Ee Soon Geng General Manager

> "I would like to thank the management for the promotion. I feel very excited and I am ready to take on the challenge."

> > **Koh Wee Pin** Factory Manager



Effective

Ms Tina **Group Director**

(Corporate Governance)

Mr Yong Group CEO

Did You Know?!

Mr Ee & Mr Koh have both served Linaco for more than 20 years?

Message from the CEO (PT. Kalimantan Kelapa Jaya)

As the saying goes, time flies. We are already in June 2020. It has been a challenging 1st half with Covid-19 pandemic and movement control order (MCO), raw material issues and our investments in Indonesia.

Covid-19 pandemic was unprecedented crisis which to me is even worse than the last few crisis the world has encountered. Many didn't take it seriously when China was having their lock down thinking that it is only China though we had heard how bad it was when China went through it.

When Malaysia announced the MCO, the first week was worrisome to many. There were so much uncertainty and also concern of what next if we need to shut down our operations for unknown period. Thankfully Linaco qualified as essential business to be back in operations.

As for our subsidiary PT Kalimantan Kelapa Jaya, there are various issues from legal framework to operating process. As foreign investor, dealing with Government matters are limited in Pontianak as mostly not decentralised and need to liase with Jakarta and also some process differs from Jakarta.

We also have to consider policies in Malaysia besides our shareholders requirements which will need to implement in our overseas investment. For example, Malaysia adopted Non Bribery Policy and we need to comply in KKJ too. Mindset of employees too will need to change to ensure we improve in the areas of quality assurance, safety and understanding compliance.

Operation in KKJ is not spared on issues of raw materials and desiccated coconut market prices. With weak desiccated coconut prices coupled with current production process without any food standard certification yet, it created a barrier to compete for coconuts against coconut traders exporting to China and also Indonesia coconut milk manufacturers.

Besides though Indonesia especially Kalimantan Barat perceived lower cost compared to Malaysia, there are other issues like higher ocean freight due to lesser container and liner frequencies, imported materials and supply issues such as service providers from out of Kalimantan Barat. Added to the problem is the high financing cost in Indonesia. We hope to be in better position to compete once our UHT project begins commercial operation with better process and quality standards.

Covid-19 travel restriction has also affected our UHT project with delays expected. We have committed 4 filling lines namely 1 liter prisma, 200mls base, 65mls and bulk pack. Though we hope the restriction will be lifted soon to enable project engineers and contractors to complete the project, we are also concerned with Indonesia still reporting high daily Covid cases. Looking back, we made a right decision that all KKJ team must be based in Pontianak and shifted the finance, marketing and logistic from Medan to Pontianak. Nevertheless we hope the delay in completing UHT project in KKJ will not extend beyond 1st quarter 2021.

All of us will need to increase efforts in our respective portfolios to weather this crisis. We need to look for opportunities or even new ways of improving the effectiveness and efficiency of how we work in this new normal and be competitive.



