



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

**ANNUAL
REPORT
2018**

2018 AT A GLANCE

GROUP
REVENUE

+2.3%

RM1.12 billion



SHAREHOLDERS'
EQUITY

+4.8%

RM630.92 million



PROFIT
BEFORE TAX

+5.5%

RM48.17 million



NET ASSETS
PER SHARE

+4.8%

RM3.29



MANUFACTURING
DIVISION
REVENUE

**RM248.31
million**



TRADING
DIVISION
REVENUE

**RM868.92
million**



PLANTATION
DIVISION
REVENUE

**RM0.09
million**



Our Essential Values For Life



Strong Brand
Images



High Product
Quality



Affordability



Understand of
Consumer Needs

WHAT'S INSIDE



002.
Our 50-Year Journey

004.
Our Brands, Our Passion

006.
Notice of Forty-Sixth
Annual General Meeting

010.
Corporate Information

011.
Corporate Structure

012.
Financial Highlights

014.
Chairman's Statement



016.
Group Managing Director's Review

020.
Sustainability Statement

030.
Corporate Social Responsibility

034.
Directors' Profile

038.
Key Senior Management's Profile

040.
Audit Committee Report

044.
Corporate Governance
Overview Statement



057.
Statement on Risk Management
and Internal Control

066.
Directors' Responsibility
Statement

067.
Reports of the Directors and
Financial Statements

198.
Analysis of Shareholdings

201.
Top 10 Properties of the Group

• Form of Proxy



Cover Rationale

50 years as a trusted brand, and 50 years of enriching the lives of the people we serve.

Throughout our history, we have been on a constant journey to innovate household products that both create value and improve quality of life for Malaysian households. The collage of photos on this year's cover represents the many ways in which we have done so, and also serves as a reminder that we must continue to sustain growth and build a strong presence in order to make a lasting impact on the country we call home.

Here's to the future!

Our 50-Year Journey

1968

Yee Lee Trading Co Sdn Bhd was formed and started as local repacker, selling cooking oils under the brand names of Blue Diamond and Plum Flower.



1973

Incorporation of Yee Lee Oils and Foodstuffs Industries Sdn Bhd (now known as Yee Lee Corporation Bhd).

1974-1976

Expanded upstream by constructing a palm oil refinery in Tasek, Ipoh.

Completion of palm oil refinery in Tasek. Red Eagle (or Helang) cooking oil was launched.



1979-1980

Yee Lee Corporation Bhd acquired South East Asia Paper Products Sdn Bhd, a corrugated carton boxes manufacturer situated in Lahat, Perak.

Yee Lee Corporation Bhd acquired Golden Voice Musical Industries Sdn Bhd (now known as Golden PET Industries Sdn Bhd) and converted the factory from manufacturing of musical instruments to manufacturing polyethylene terephthalate ("PET") products.

1984

Yee Lee Palm Oil Industries Sdn Bhd a palm oil mill in Bidor was built.



1986

Yee Lee Oils Industries Bhd (now known as Yee Lee Corporation Bhd) won the Federation of Malaysian Manufacturers' Award for outstanding export achievement.

1993

Yee Lee Corporation Bhd was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).



1994

Introduced the new innovative plastic PET bottle to replace tin can in packing cooking oil.

1995-1996

Yee Lee Corporation Bhd was awarded the National Industry Excellence Special Award for Innovation Products in recognition of the Red Eagle cooking oil product innovation.

As a group consolidation, Yee Lee Corporation Bhd transferred its entire palm oil refinery business to its newly set up subsidiary, Yee Lee Edible Oils Sdn Bhd.



1997-1998

Acquired Desa Tea Sdn Bhd, a tea plantation situated in Ranau, Sabah with its well-known Sabah Tea brand.

Acquired Sabah Tea Sdn Bhd and transformed it to tourism related service provider in 2001.

2000

Following a group restructuring, Golden PET industries Sdn Bhd was sold to Spritzer Bhd and in return Spritzer Bhd became the associated company of Yee Lee Corporation Bhd. Spritzer Bhd was then listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).



2002-2003

Sementra Plantations Sdn Bhd was formed and ventured into oil palm plantation. Yee Lee Corporation Bhd completed the acquisition of Canpac Sdn Bhd, a leading aerosol can manufacturer in Rawang.

Yee Lee Marketing Sdn Bhd was formed and commenced its trading operations.

2004

Canpac Sdn Bhd expanded its business to Vietnam by setting up a new subsidiary, Canpac Vietnam Pte., Ltd. in Ho Chi Minh City.



2014-2016

Commencement of oil palm plantation project in Sabah.

Sementra Resort Sdn Bhd was formed to develop a tourism resort in Gopeng. Yee Lee Corporation Bhd Group's revenue hit historical high of RM1.06 billion.

2017

Yee Lee Trading Co. Sdn Bhd entered into a strategic partnership with TASCO Berhad via a joint venture vehicle, YLTC Sdn Bhd to develop new business involving trading, warehousing and logistics.



2018

**Celebration
of Yee Lee
50th Anniversary.**



OUR BRANDS OUR PASSION

Integrity has always been one of the cornerstones of our principles, and this continues to drive our passion to deliver happiness to our customers.

We ensure our products are made with honesty, safety and full consideration of our customers and the environment.

At Yee Lee, our R&D innovate to develop sustainable products to build a brighter future for consumers.

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

46th

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth (46th) Annual General Meeting (“AGM”) of Yee Lee Corporation Bhd (“YLC” or “Company”) will be held at Weil Ballrooms 3 & 4, Level 6, The Weil Hotel, No. 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Friday, May 31, 2019 at 10.30 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, 2018 and the Reports of the Directors and Auditors thereon.

Please refer to Explanatory Note 1

2. To declare a first and final dividend of 4.0 sen per share, under the single tier system in respect of the financial year ended December 31, 2018. **Resolution 1**
3. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Constitution and, being eligible, offer themselves for re-election:-
 - (i) Dato' Lim A Heng @ Lim Kok Cheong **Resolution 2**
 - (ii) Thang Lai Sung **Resolution 3**
 - (iii) Dato' Mohd Adhan bin Kechik **Resolution 4**
4. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2018. **Resolution 5**
5. To approve the payment of benefits up to RM60,000 to the Non-Executive Directors from June 1, 2019 until the next AGM of the Company. **Resolution 6**
6. To re-appoint Deloitte PLT 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 resolutions with or without modifications:-

Ordinary Resolutions

7. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016
 “THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Constitution 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 number of issued shares 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-SIXTH 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 Part A of the Circular to Shareholders dated April 30, 2019 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 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); 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. Retention of Independent Non-Executive Directors

- (i) "THAT authority be and is hereby given to Lee Kee Hong, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company."
- (ii) "THAT subject to the passing of Resolution 4, authority be and is hereby given to Dato' Mohd Adhan bin Kechik, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company."

Resolution 10

Resolution 11

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

Special Resolution

10. Proposed Adoption of New Constitution of the Company (“**Proposed Adoption**”)

“THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, the proposed new Constitution of the Company, as set out in Part B of the Circular to Shareholders dated April 30, 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

Resolution 12

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient to in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities.”

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 4.0 sen per share, under the single tier system, in respect of the financial year ended December 31, 2018, subject to the approval of the shareholders at the 46th AGM will be paid on July 17, 2019 to Depositors whose names appear in the Record of Depositors at the close of business on July 3, 2019.

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 3, 2019 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

TAN BOON TING (MAICSA 7056136)

OOI WOOL KEAN (MAICSA 7067254)

Company Secretaries

Ipoh, Perak Darul Ridzuan

April 30, 2019

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.
- (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.

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

- (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 twenty-four (24) hours before the time appointed for holding the meeting.
- (vi) Only a depositor whose name appears on the Record of Depositors as at May 24, 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

2. Explanatory Notes on Ordinary Business

Note 1

This agenda item is intended for discussion only as under Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.

3. Explanatory Notes on Special Business

Ordinary Resolutions

Resolution 8 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

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 number of issued shares 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, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on May 31, 2018 which will lapse at the conclusion of the forthcoming AGM.

Resolution 9 – Proposed Shareholders' Mandate

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.

Resolutions 10 and 11 – Retention of Independent Non-Executive Directors

The Proposed Resolutions 10 and 11 relate to the approval by shareholders for Mr Lee Kee Hong and Dato' Mohd Adhan bin Kechik to continue in office as Independent Non-Executive Directors. The full details of the Board's justifications and recommendations for the retention of the two (2) Directors as Independent Non-Executive Directors are set out in the Corporate Governance Overview Statement in the Annual Report 2018. The Board has recommended that the approval of the shareholders be sought via a two-tier voting process for the retention of Mr Lee Kee Hong and Dato' Mohd Adhan bin Kechik as the Independent Non-Executive Directors of the Company.

Special Resolution

Resolution 12 – Proposed Adoption of New Constitution of the Company

The proposed Resolution 12, if passed, will streamline the existing Memorandum and Articles of Association ("M&A") of the Company with the Companies Act 2016 which came into force on January 31, 2017 and to align the existing M&A with the Listing Requirements, to provide clarity to certain provisions thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to the Circular to Shareholders dated April 30, 2019 for further information on Resolutions 9 and 12.

4. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent

Executive Chairman

**Dato' Lim A Heng @
Lim Kok Cheong,
DPMP, JSM, JP**

Executive Director and

Group Managing Director

Lim Ee Young

*(Redesignated from Group
Chief Executive Officer to
Group Managing Director
wef February 27, 2019)*

Executive Directors

Thang Lai Sung

Chok Hooa @

Chok Yin Fatt, PMP

Non-Independent

Non-Executive Director

Sow Yeng Chong

Independent

Non-Executive Directors

**Dato' Ir. Nik Mohamad Pena
bin Nik Mustapha, DIMP**

Dato' Mohd Adhan

**bin Kechik, DJMK, SMK
Lee Kee Hong**

AUDIT COMMITTEE

Chairman

Dato' Mohd Adhan bin Kechik

Members

Dato' Ir. Nik Mohamad Pena
bin Nik Mustapha
Sow Yeng Chong
Lee Kee Hong

NOMINATION COMMITTEE

Chairman

Lee Kee Hong

Members

Dato' Ir. Nik Mohamad Pena
bin Nik Mustapha
Dato' Mohd Adhan bin Kechik

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt

Members

Dato' Mohd Adhan bin Kechik
Lee Kee Hong

COMPANY SECRETARIES

Tan Boon Ting (MAICSA 7056136)
Ooi Wooi Kean (MAICSA 7067254)

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 Management Sdn Bhd
(1127890-P)**

Lot 9-7, Menara Sentral Vista,
No. 150, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.

Telephone number:
03-22766138/ 6139/ 6130

Facsimile number:
03-22766131

AUDITORS

**Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)**

Level 2, Weil Hotel,
292 Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.

Telephone number:
05-2540288

Facsimile number:
05-2547288

PRINCIPAL BANKERS

Hong Leong Bank Berhad
RHB Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad



CORPORATE STRUCTURE

OF SUBSIDIARY COMPANIES, ASSOCIATE COMPANY AND JOINT VENTURE (AS AT DECEMBER 31, 2018)



FINANCIAL HIGHLIGHTS

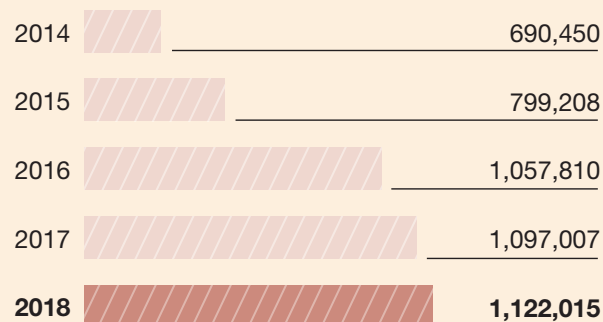
		2018	2017 Restated	2016 Restated	2015	2014
FINANCIAL						
Revenue	(RM'000)	1,122,015	1,097,007	1,057,810	799,208	690,450
Profit before interest, taxes and depreciation	(RM'000)	71,205	67,194	75,484	58,713	50,483
Profit before tax	(RM'000)	48,167	45,671	56,506	41,485	34,408
Profit attributable to owners of the Company	(RM'000)	37,471	39,034	44,487	31,912	27,014
Total assets	(RM'000)	977,642	952,720	927,924	841,190	588,297
Share capital	(RM'000)	108,400	108,400	94,332	91,968	90,323
Shareholders' equity	(RM'000)	630,919	602,122	571,012	523,112	352,550
FINANCIAL INDICATORS						
Revenue growth	(%)	2.28	3.71	32.36	15.75	4.89
Return on equity	(%)	5.94	6.48	7.79	6.10	7.66
Net assets per share	(RM)	3.29	3.14	3.03	2.84	1.95
Net debt to equity ratio [#]	(%)	13.62	16.37	11.44	8.45	18.02
Basic earnings per share	(sen)	19.56	20.48	23.78	17.52	15.04
Net dividend per share	(sen)	4.00	4.50	4.50	3.50	3.00
High share price	(RM)	2.36	2.88	2.45	2.25	1.96
Low share price	(RM)	1.80	2.10	1.98	1.36	1.24
Share price as at Dec 31	(RM)	1.83	2.18	2.36	2.12	1.40
Market capitalisation	(RM'000)	350,635	417,697	445,247	389,942	252,906

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

FINANCIAL HIGHLIGHTS

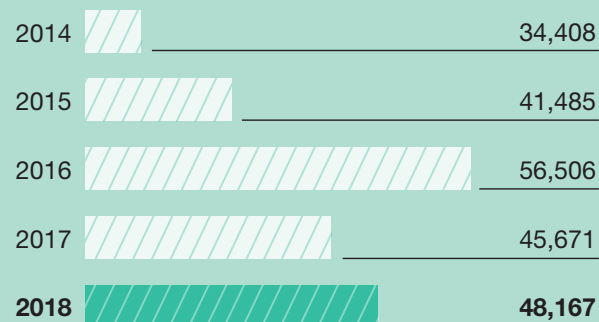
Revenue

(RM'000)



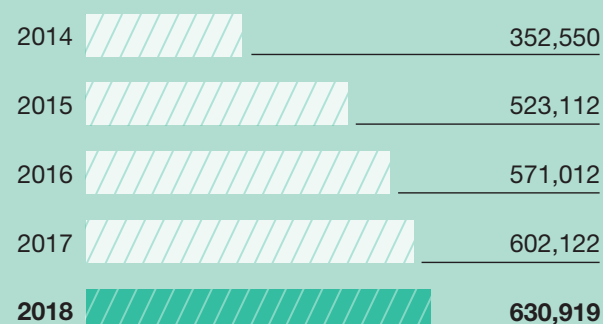
Profit Before Tax

(RM'000)



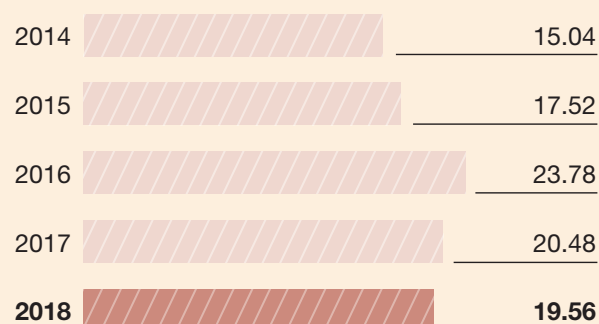
Shareholders' Equity

(RM'000)



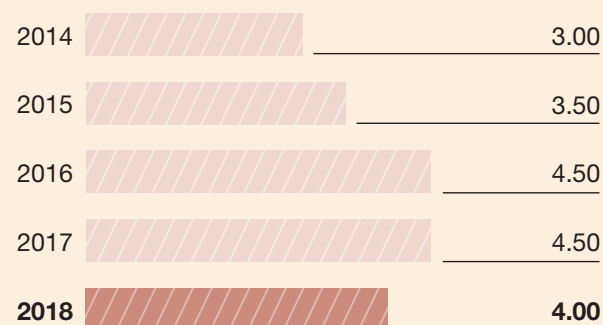
Basic Earnings Per Share

(sen)



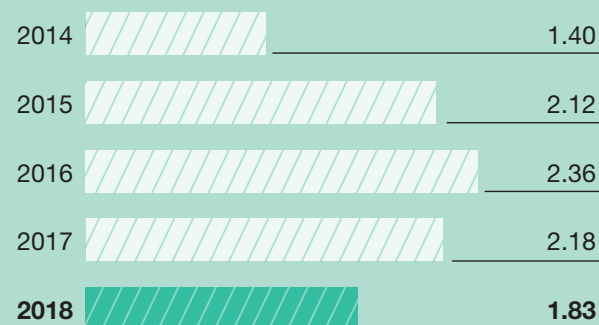
Net Dividend Per Share

(sen)



Share Price

as at Dec 31 (RM)



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of **Yee Lee Corporation Bhd** for the financial year ended December 31, 2018.

Year 2018 is our 50th anniversary. As the Group celebrates its historic anniversary, we can look back with pride over the past 50 years and reflect on how we have grown from an edible oil repacker occupying a rented premise to a fully integrated manufacturer and distributor and our subsequent listing on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) in year 1993. The Group has also diversified its business into manufacturing of packaging materials such as aerosol can and corrugated carton boxes, tea and oil palm plantations and eco-tourism.

FINANCIAL PERFORMANCE

The Malaysian economy registered a respectable growth of 4.7% in 2018, demonstrating considerable resilience in the face of multiple headwinds, both external and domestic. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia have created uncertainties for the economy. Amidst the tough market conditions, the Group managed to register a modest sales growth of 2.3% this year from RM1.10 billion in 2017 to RM1.12 billion. This led to a corresponding increase in the Group's pre-tax profit from RM45.67 million in 2017 to RM48.17 million. As a result of higher tax expense, the Group's profit attributable to shareholders dropped by 4.0% from RM39.03 million to RM37.47 million, translating to a lower basic earnings per share of 19.56 sen (2017: 20.48 sen). Both manufacturing and trading divisions performed better than last year while the plantation division still has not turnaround. The profit contribution from our associated company, Spritzer Bhd dropped substantially by 39.8% to RM6.75 million primarily due to the Group

recognising a gain of RM3.34 million in 2017 as a result of an increase in the Group's share of net assets value of Spritzer Bhd following their private placement, coupled with gross profit margin compression this year arising from substantial increase in raw materials and packaging costs.

DIVIDENDS

The Board of Directors is pleased to propose a first and final dividend of 4.0 sen per share, under the single tier system in respect of the financial year ended December 31, 2018 which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The dividend, if approved, will be paid to our shareholders on

July 17, 2019. Whilst we do not have an official dividend policy, we are committed to reward our shareholders with consistent dividend payments taking into consideration of business prospects, capital requirements and expansion strategy.

OUTLOOK

The global economy is projected to expand moderately in 2019, surrounded by uncertainties over the global trade disputes, political uncertainty and sudden shift in investor sentiment that pose headwinds to growth. Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum of 4.3% - 4.8% in 2019 driven by private sector



CHAIRMAN'S STATEMENT



amid continued rationalization in the public sector. Although consumer sentiments have moderated from the recent peak, the implementation of various government measures, particularly in alleviating rising cost of living, is expected to further lend support to consumer spending, especially lower income households. The Board is confident that with our established strong household brand of products and innovative marketing campaigns, the Group is well positioned to capitalise on new opportunities and overcome any challenges that may lie ahead.

ACKNOWLEDGEMENT

In February 2019, Mr Lim Ee Young, Group Chief Executive Officer was promoted to Group Managing Director. The Board would like to express our

utmost appreciation for his dedication in chartering the phenomenal growth of the Group over the years.

We would like to take this opportunity to thank our valued shareholders, financiers, customers, business associates, suppliers and other parties involved for their continued support and trust on us. In addition, we would like to extend my deepest appreciation and gratitude to the management team and all employees for their strong commitment and dedication.

**DATO' LIM A HENG @
LIM KOK CHEONG**
Executive Chairman



BUSINESS GROWTH

+2.3%

RM1.12 billion

(2017 : RM1.10 million)



GROUP'S PRE-TAX
PROFIT

+5.5%

RM48.17 billion

GROUP MANAGING DIRECTOR'S REVIEW



Yee Lee Corporation Bhd started off with just an edible oil repacker in 1968. This year, the Group is celebrating its historic 50th anniversary and certainly we can look back at the past 50 years with great pride on how the Group built its foundation, sailing through recession and financial crisis to become an established and diversified group listed on the Bursa Malaysia Securities Berhad. The Group has diversified its business into manufacturing of packaging materials such as aerosol can and corrugated carton boxes, palm oil refinery and mill, marketing and distribution of fast moving consumer products, tea and oil palm plantation and eco-tourism. Our core business is then divided into manufacturing, trading and plantation. Our vision is to be the leading provider of household products bringing Malaysian families a better quality of life. We are committed to developing Malaysian products using Malaysian resources making them affordable with superior quality and value, striving for excellence in total quality and customer satisfaction through continual improvement in productivity, innovations and fulfilling social and environmental responsibilities, forming strategic alliances with agencies carrying quality products and serving our valued

customers promptly through our well established distribution networks.

Following a robust growth in 2017, Malaysia's economic growth was expected to normalise in 2018 but somehow was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia became sources of uncertainty for the economy. Despite the challenging economic conditions, the Group managed to register a modest business growth of 2.3% in revenue this year from RM1.10 billion in 2017 to RM1.12 billion. Correspondingly, the Group's pre-tax profit increased by 5.5% to RM48.17 million. As a result of higher tax expense this year, the profit attributable to shareholders dropped by 4.0% to RM37.47 million, translating to lower basic earnings per share of 19.56 sen as compared to 20.48 sen in 2017. Our trading division had surpassed the manufacturing division and became the strongest profit contributor to the Group's profitability this year with 38.6% increase in its pre-tax profit as compared to 14.3% increase in manufacturing division. However, our

plantation division is still suffering losses this year. The profit contribution from associated company, Spritzer Bhd dropped substantially by 39.8% to RM6.75 million mainly due to the Group recognising a gain of RM3.34 million in 2017 as a result of an increase in the Group's share of net assets value of Spritzer Bhd following their private placement, coupled with gross profit margin compression this year arising from substantial increase in raw materials and packaging costs.

The Group continued to generate strong cash flow from its operating activities with a net cash of RM58.61 million generated this year. As a result, the cash and cash equivalents increased by 14.9% to RM61.32 million. RM16.12 million cash was spent on capital expenditure to facilitate future growth while RM8.39 million was used to purchase additional Spritzer Bhd shares to increase the Group's shareholding to 29.8%. The excess funds of RM5.95 million was placed into money market funds to generate income. With continuous repayment of bank borrowings, the Group's net debt to equity ratio decreased from 16.4% in 2017 to 13.6%.

GROUP MANAGING DIRECTOR'S REVIEW

Our financial position remained strong with shareholders' equity standing at RM630.92 million. Net assets per share increased from RM3.14 to RM3.29. As at December 31, 2018, our market capitalisation value stood at RM350.64 million.

Whilst we do not have an official dividend policy, we are committed to reward our shareholders with consistent dividend payments taking into consideration of business prospects, capital requirements and expansion strategy. The Board of Directors is pleased to recommend a first and final dividend of 4.0 sen per share, under the single tier system for the year ended December 31, 2018.

MANUFACTURING DIVISION

Our manufacturing division consists of aerosol can and corrugated carton boxes packaging business and palm oil refinery and mill. This division bounced back from a poor performance last year, achieving a higher pre-tax profit of RM20.78 million this year as compared to RM18.18 million in 2017 despite a drop in revenue by 14.0% to RM248.31 million. The substantial drop in revenue this year was mainly

attributed to the sharp drop in crude palm oil ("CPO") prices which directly affected the selling price of palm based products of palm oil refinery and mill. 84.9% of the manufacturing division's profitability was dominated by the packaging business, mainly the aerosol can business, as losses from the corrugated carton boxes business have widened to RM1.25 million this year. Our palm oil refinery and mill performed much better this year with increase in pre-tax profit from RM0.65 million in 2017 to RM3.14 million as the palm oil mill managed to turnaround in the second half of the year with better oil extraction rate ("OER").

The Group has two aerosol can factory with the largest factory located at Rawang, Malaysia and the other is in Ho Chi Minh City, Vietnam. We have total combined production capacity of 192 million cans per year after our recent expansion of which around 68% of the production capacity is from the Rawang factory. Our aerosol cans are widely used for insecticide spray, air refresher, paint, automobile, household, industrial and personal care products, with the majority of our business from insecticide spray. Our export market is to Australia, Bangladesh, India, Cambodia, Oman and Thailand. Despite facing fierce price competition from China competitors, we managed to maintain our aerosol can business performance with last year. This was achieved through improvement in efficiencies and progressively increasing selling prices to recover the full cost increase.

Our corrugated carton boxes factory which is located in Lahat, Perak is currently running at 60% of its capacity. All our sales are to the domestic market of which around 30% are supplied to our related companies. The corrugated carton industry continued to face aggressive competition with oversupply dominating the industry, resulting in intense price competition among manufacturers to grab market share. As a result, our corrugated carton boxes business continued to suffer losses due to the difficulty in passing on the full cost increase to its customers. We will continue to enhance our operational efficiency while tightening controls over operating costs and wastages in order to remain competitive. The Government's project to supply natural gas to the Perak industrial estate which is expected to be completed by first quarter of 2020 will also be benefiting us as this will reduce our energy cost consumption.

Our Group owns a palm oil mill strategically located in Bidor, Perak with milling capacity of 60 MT per hour and a palm oil refinery located in Ipoh, Perak with refinery capacity of 600 MT per day. Majority of our fresh fruit bunches ("FFB") supplies are from surrounding estates, dealers and smallholders as our two small estates in Perak are currently supplying less than 1% of our mill total FFB supplies. Year 2018 was a challenging year for Malaysian oil palm industry as the CPO prices dropped substantially coupled with sluggish production of FFB. The FFB yield was significantly lower, especially in Peninsular Malaysia which dropped by 6.7%, mainly due to biological effect after experiencing high yield in 2017, coupled with the unpredictable rainy season that affected harvesting. The low FFB supplies and inconsistent quality as compared to the pricing committed to suppliers have affected our palm oil mill until the second quarter of this year, where our palm oil mill drastically tightened the selection of FFB supplies



GROUP MANAGING DIRECTOR'S REVIEW

and revised the FFB pricing to be commensurate with our OER achieved in order for the mill to survive. This strategy has proven successful as the mill finally turnaround in the second half of the year, recouping all the losses incurred in the first half with much better OER in the expense of quantity of FFB processed. As a result, total FFB processed dropped by 33.4% to 170,677 MT which led to corresponding decrease in production of CPO by 31.3% to 32,678 MT and palm kernel by 32.3% to 8,980 MT. In return, our OER improved by 3.2% to 19.2%. Our palm oil refinery continued to perform better this year with recovery of profit margin with better control over its costs and pricing. As part of the Group's sustainability programme, our palm oil mill is in the midst of obtaining the Malaysian Sustainable Palm Oil ("MSPO"): Part 4 Certification under the MS Standard 2530-4:2013 and the MSPO Supply Chain Certification Standard ("MSPO SCCS") while the palm oil refinery is in the midst of obtaining the MSPO SCCS Certification. Both the palm oil mill and refinery are targeted to be certified by 2019.

TRADING DIVISION

Despite the external and domestic challenges, Malaysian private sector spending continued to anchor the expansion in domestic demand, underpinned by positive consumer and business sentiments. The new government zero-rated the Goods and Services Tax from June 1, 2018, leading to a tax holiday for three months which boosted consumer sentiments. This has resulted in the consumer sentiments index soared to a 21-year high of 132.9 points above the 100-point optimism threshold during the second quarter of this year. With the improvement in consumer sentiments leading to increase in consumer spending coupled with our strong marketing and trade activities,

our trading division managed to achieve a sales growth of 8.1% this year. The strong sales growth was driven by higher sales of beverages, Campbells', Munchy's, Sunplus, Kizz and Red Chef products which has offset the substantial drop in sales of cooking oils arising from the sharp drop in CPO prices that affected its selling price. As a result, the trading division registered an increase in its pre-tax profit by 38.6% from RM15.45 million in 2017 to RM21.41 million.

As part of our cost rationalisation programme, we have combined our rented Kuala Terengganu distribution centre with our own newly constructed Kota Bharu distribution centre in January 2019. After the rationalisation, our trading division has in total 15 distribution centres of which 9 are located in Peninsular Malaysia, 3 in Sabah and 3 in Sarawak. In total, we have storage capacity of approximately 484,000 square feet. We have also set up a new sales office in Kuala Terengganu in addition to the existing sales offices in Seremban and Batu Pahat which was aimed to serve the state sales and distribution points faster and better. Currently we are providing market access and coverage for more than 50 well-known brands, mostly food and beverage and household products brands for 19 distributorships including the newly secured distributorship for Sunsoya and Uncle Sun products. In total, we have more than 30,000 customers encompassing hypermarkets, supermarkets, departmental stores, retail outlets, sundry shops, convenience stores, petrol kiosks, wholesalers, medicine halls and etc. Besides expanding and relocating distribution centres to strategic locations, we are also constantly strengthening our workforce, increasing truck capacity and streamlining processes to accelerate our speed-to-market in order to have competitive edge over our competitors. In addition,

we have also further upgraded our electronic system to improve on our efficiency through data sharing, ordering and controls.



TRADING DIVISION

+38.6%

RM21.41 million

(2017 : RM15.45 million)

PLANTATION DIVISION

Our plantation division consists of one tea plantation located in Kampong Nalapak, Sabah, two oil palm estates in Perak and one newly developed oil palm estate in Ranau, Sabah. Year 2018 was certainly a difficult period for the plantation industry faced with sharp downturn in CPO prices and slow recovery of FFB production. The Malaysian Financial Reporting Standards treatment which now requires bearer plants to be depreciated further impacted profitability. Both our tea and oil palm plantations have not turnaround in this year with total pre-tax losses widened to RM2.99 million as compared to RM1.45 million in 2017.

Our tea plantation is the largest commercial tea plantation in Borneo, sitting on a 6,200-acre land at 2,272 feet above sea level and is surrounded by the world's oldest rainforest. We are one of the few tea plantations in the world certified to produce organic tea. Our trees were planted since late 1970's with Chinese and Asamica clones and are pesticide-free. Total planted area is 254 hectares including 18 hectares of immature areas. Due to the unfavourable weather condition that has affected the tea growth rate

GROUP MANAGING DIRECTOR'S REVIEW

coupled with inexperienced new harvesting workers, the production of green tea leaf dropped by 4.8% to 577 MT resulting in a corresponding decrease in processed tea to 110 MT. The tea plantation still unable to turnaround as the current sales level is not sufficient to cover its plantation costs. We have launched a new Sabah Tea Flora Series with 6 variety of flavours such as camomile, geranium, lavender, jasmine, peppermint and vanilla during the year to offer tea lovers more choice and different taste. More new innovative tea products will be launched to drive sales growth in order to turn this business around.

Our oil palm plantation has a total land bank of 1,454 hectares including the 1,158 hectares newly developed estate in Ranau, Sabah. The total cultivated area stands at 1,165 hectares of which 265 hectares are from Perak estates consisting of 151 hectares of mature areas and 114 hectares of immature areas. The average age profile of the oil palms is 22 years. The Ranau estate has 900 hectares under cultivation and is expecting the first harvest in 2019. Total production of FFB dropped by 10.5% to 2,178 MT this year in tandem with the drop in overall FFB yield in Peninsular Malaysia. Our oil palm plantation also has not turnaround this year, affected by low FFB production and selling price coupled with higher expenses incurred for the new Ranau estate.

OUTLOOK

The global economic growth is projected to soften in 2019 with the ongoing trade tensions, financial market pressures and the potential fallout from the Brexit negotiations impacting prospects for emerging markets and developing countries. In view of these uncertainties, the Group recognises that the global and domestic conditions will remain challenging in 2019. Although the domestic

consumer sentiments index for the fourth quarter of 2018 sank below the optimism level, the Group foresees that consumer sentiments will improve in 2019 with the Government's various initiatives to contain the rising cost of living. In order to remain competitive, our trading division is continuously upgrading its warehousing facilities and capacity while strengthening its distribution networks to widen the market coverage and improve on its speed of delivery. With its well established distribution networks, the trading division is confident of securing for more distributorship of prominent brands to enlarge its product portfolio to ensure more availability of choices for their customers. The scorching hot weather currently sweeping across the country is expected to boost the demand for bottled water. This will provide an opportunity for us to leverage on our two leading bottled water brands Spritzer and Cactus to further enhance their market share.

Being in the competitive industry facing intense price competition, both the aerosol can and corrugated carton boxes packaging business

will continue to focus on internal improvement such as improving its operational efficiencies and services, tightening cost control and offering more attractive and innovative product design in order to remain competitive. After the drastic move to further tighten the quality of FFB supplies and revising the FFB pricing terms, our palm oil mill has managed to turnaround in the third quarter of 2018 and thereafter continued to show positive results. Together with the recovery of FFB yield in Peninsular Malaysia, we expect the palm oil mill to contribute positively to the Group's profitability.

Our newly planted oil palm trees in Ranau estate will be starting their harvesting in stages in 2019 with their first harvest done in the first quarter of 2019. We do not expect high yield from these young immature trees for at least another three years. Given time, we foresee that the palm oil plantation will be able to turnaround in the future.

LIM EE YOUNG

Group Managing Director



SUSTAINABILITY STATEMENT

The Sustainability Report was prepared based on the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad. This report outlines the YLC Group's approach and commitment on sustainability practices.

SUSTAINABILITY POLICY

The Yee Lee Corporation Bhd ("YLC") Group seeks to achieve positive result by integrating the economic, environmental, social and governance aspects into its business operations and core strategies. The Board has the responsibility to create and add sustainable value for the stakeholders, and to safeguard their interests. It recognises the key benefits from integrating sustainability in the Group's business operations through the following areas:-



Strengthening corporate governance



Integrating risk management practices with performance and strategy



Securing investment and working capital



Improving productivity and cost optimisation



Building brand value and reputation



Promoting innovation to drive growth through new products and services



Seeking community's support for YLC's business operations



Maintaining good customers' relationship as well as attracting new customers



Minimising environmental impact through efficient use of resources and effective waste management



Enhancing the Group's resilience and adapt to a rapid evolving world

The Group Risk Management & Sustainability Department with the guidance of the Group Risk Management & Sustainability Committee had assisted the Group to develop the sustainability framework and implement initiatives that help to achieve its commitments and objectives.

SUSTAINABILITY STATEMENT

1. OBJECTIVE

Our goal is to create a sustainable business in order to position ourselves for long term growth and success. There is a need for us to minimise any negative impact as well as to maximize new opportunities and respond to challenges. We will constantly review and enhance our approach to address our sustainability commitment to achieve this target.

2. SCOPE

This report covers the Group and its subsidiary companies for the Year 2018. We have gathered views and compiled feedbacks from our stakeholders to identify, prioritise and address on the material sustainability issues. References are made to the documentation and data system of various departments. There are also consultations and discussions with the Management and key operating personnel to seek their opinions pertaining to key sustainability matters and materiality.

Business Segment	Business Activity	Entities
Manufacturing	Cooking oils, margarine, shortening, crude palm oil, kernel, general line tin cans, and corrugated paper cartons	Yee Lee Edible Oils Sdn Bhd, Yee Lee Palm Oil Industries Sdn Bhd, Canpac Sdn Bhd, Canpac (Vietnam) Pte, Ltd & South East Asia Paper Products Sdn Bhd
Trading & Marketing	Edible oils and other consumer products	Yee Lee Trading Co Sdn Bhd & Yee Lee Marketing Sdn Bhd
Plantation	Tea and oil palm	Desa Tea Sdn Bhd, Sabah Tea Sdn Bhd & Sementra Plantations Sdn Bhd
Others	Tourism related services and investment holding	Sabah Tea Resort Sdn Bhd & Sementra Resort Sdn Bhd

3. SUSTAINABILITY GOVERNANCE

The Board oversees the Group's sustainability efforts, and is assisted by the Group Risk Management & Sustainability Committee (GRMSC) which is responsible for the formulation and implementation of the Group's sustainability strategy. The GRMSC is chaired by the Group General Manager / Executive Director, and the committee members comprises the Group Financial Controller, Risk & Sustainability Administrator and Senior Accountant.

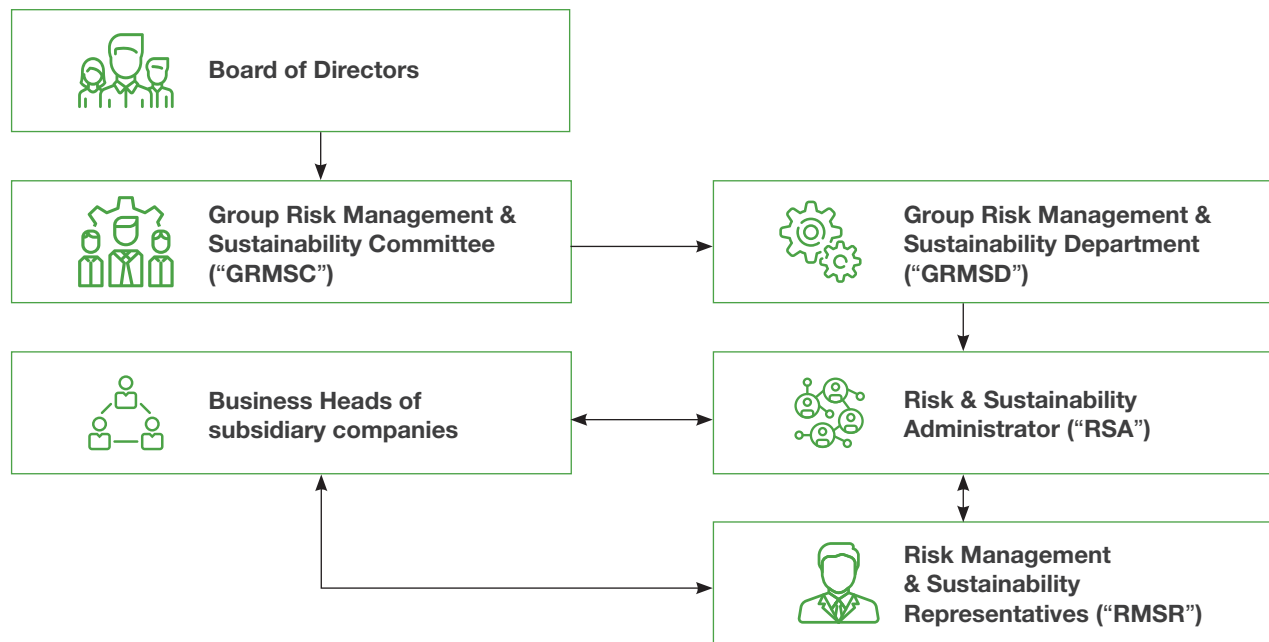
The Group Risk Management and Sustainability Department ("GRMSD") will help the GRMSC to carry out its sustainability efforts, and create sustainability awareness within the Group. The GRMSD will liaise closely with the subsidiary companies' Risk Management & Sustainability Committee in identifying, reviewing and implementing of sustainability measures.

As for the Risk & Sustainability Administrator ("RSA"), he will coordinate with the respective Business Heads and Risk Management & Sustainability Representatives ("RMSR") of each subsidiary company on the implementation of sustainability initiatives. He is responsible to set up the sustainability documentation and reporting function.

SUSTAINABILITY STATEMENT

3. SUSTAINABILITY GOVERNANCE (CONT'D)

YLC's Sustainability Governance Structure



4. SUSTAINABILITY FRAMEWORK

The sustainability framework is developed to identify, evaluate and manage the organisation's economic, environmental and social (EES) risks and opportunities. By looking at the significant EES impacts together with the financial implications, this provides a measure to generate long term benefits and business continuity.



▲ Core Elements of Sustainability

SUSTAINABILITY STATEMENT

4. SUSTAINABILITY FRAMEWORK (CONT'D)

Our commitment and value creation through the integration of EES and Governance aspects are listed as follows:-



Economic

The Group pays a sustainable dividend to its shareholders while maintaining prudent investment and working capital for business growth. It also aims to meet the expectations of investors and other stakeholders. In order to generate revenue and pursuit for profits, YLC has in a way contributed to its stakeholders through tax payments, providing employment opportunities, and procurements of goods and services.



SUSTAINABILITY STATEMENT

4. SUSTAINABILITY FRAMEWORK (CONT'D)



Environment

We have taken appropriate steps to manage the impact of our operations on the environment and will disclose any environmental matters that may be material to our businesses.

We are mindful of the need for environmental protection and conservation. Hence, we have to minimise our environmental impact by:

- Utilising our resources wisely
- Adopting effective waste and effluent management
- Reducing carbon emission
- Efficient energy and water usage
- Promoting 3Rs (reduce, reuse and recycle) practice



Social

YLC has always been a caring and responsible employer, and contribute to our communities through the following initiatives:

- We believe in creating a conducive workplace which emphasises on health and safety for our employees.
- We aim to attract and retain talents by providing our employees with job security, good remuneration package and employee welfare, and career advancement prospects.
- We provide guidances and trainings to improve our employees' competencies and allow them to achieve their full potential.
- We live in a multi-racial country, and expect every employee to be treated fairly and with respect.
- We recognise the spirit of harmony and reject any form of discrimination.
- We create job opportunities for disabled persons to make a living.
- Our Corporate Social Responsibility (CSR) is reported on pages 030 to 033.



Governance

We are committed to undertake responsible and sustainable business practices through:

- Good business ethics and integrity.
- Observing the highest standards of corporate governances and transparency in our dealings.
- Compliance with legislation and regulatory requirements.

5. PROCESS FOR EMBEDDING SUSTAINABILITY

The process mechanisms taken for embedding sustainability into our organisation include:-



SUSTAINABILITY STATEMENT

5. PROCESS FOR EMBEDDING SUSTAINABILITY (CONT'D)

A. Tone from the Top

The Board is responsible to set the strategic direction of the organisation. It is also committed to ensure that the Group's sustainability objectives can be realised with sufficient resources, systems and processes in places for managing any issues that may arise.

B. Identification and prioritisation of material sustainability matters

The GRMSD would gather input from the various business operations in identifying and categorising their key sustainability matters. By prioritising the sustainability matters, this enables us to focus our effort in ensuring there will be appropriate management, monitoring and disclosure of those areas which matter most. Surveys will be conducted by engaging with major stakeholders to obtain their feedbacks on each sustainability matter.

C. Managing and reviewing material sustainability matters

The purpose of managing material sustainability matters is to reduce financial impacts on our businesses while delivering better economic, environmental and social value. Material sustainability matters will be reviewed and the appropriate responses would be as follows:-

- Changing or improving existing policies and procedures.
- Implementing action plans or preventive measures.
- Setting Key Performance Indicators ("KPI"), goals and targets which are in line with the organisation's strategic objectives.
- Implementing new system to record, report, analyse and manage data requirements (e.g. business plans, management reports, data input from operations, businesses and stakeholders and media reports) associated with each sustainable matter.

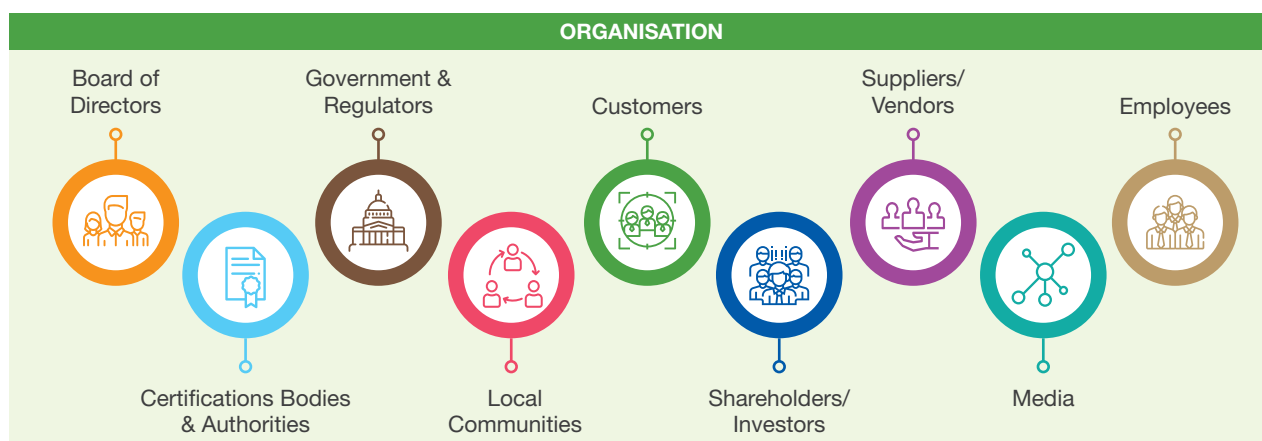
D. Communicating and providing credibility on sustainability performance and disclosures

The GRMSC will review the key sustainability matters as well as the materiality assessment process. The outcome of the materiality assessment will subsequently be presented to the Audit Committee. The Audit Committee will form an oversight and advise the Board accordingly on the effectiveness of the sustainability reporting function. Details of this statement are examined by the External Auditors prior to their inclusion in the Annual Report.

6. ENGAGING OUR STAKEHOLDERS

The stakeholders play an important role in relation to our business, and engaging them will help us better understand their needs and expectation from our sustainability performance.

Types of Stakeholders



SUSTAINABILITY STATEMENT

6. ENGAGING OUR STAKEHOLDERS (CONT'D)

We have outlined those areas of concerns raised by our stakeholders in the following tables:-

Stakeholder Group	Stakeholder's Concern	Engagement Method
Board Of Directors	Growth, Sustainability & Profitability	Board Meetings, Annual General Meetings, Corporate / Group Events, E-mailing and Stakeholder Engagement Survey.
	Business Synergy	
	Corporate Strategy & Governance	
	Environmental Practices	
	Quality Of Products & Services	
	Customer Satisfaction	
	Human Capital Management	
	Social Contribution	
Government & Regulators (e.g. LHDN, JKDM, BURSA & SSM)	Legislation & Statutory Compliance	Formal Dialogues & Meetings
	Listing & Regulatory Compliance	Advices & Consultations and Regulatory Disclosures
Customers	Quality Of Products And Services	Customer Satisfaction Survey Customer Complaint Handling Procedure
	Consumer Fulfilment	Sales & Marketing Support
	Demand & Supply	Trade Exhibitions, Roadshows & Conferences
	Product Innovation	Product Research & Business Development
	Consumer Data & Privacy	Data Security & Privacy Control
	Consumer Acceptance & Health Consciousness	Brand & Product Awareness
Suppliers / Vendors	Materials & Services Quality	Supplier Evaluation & Review
	Supplier Performance	Supplier Audit
	Delivery Schedule	Logistical Support
	Selection Criteria	Quotation Requests & Sampling Tests
Employees	Job Security & Career Advancement	Employee Inputs
	Competency & Skill Development	Performance Appraisal & Employee Training Programme
	Retention & Attraction of Talent	Motivation Programme & Counselling
	Communication & Updates	Management Meeting, E-Mailing & MyWave System
	Health, Safety & Environment	Promote Good Housekeeping & Work Safety
	Recreation, Company Trip & Sport Activities	Organised by the Recreation & Sports Club

SUSTAINABILITY STATEMENT

6. ENGAGING OUR STAKEHOLDERS (CONT'D)

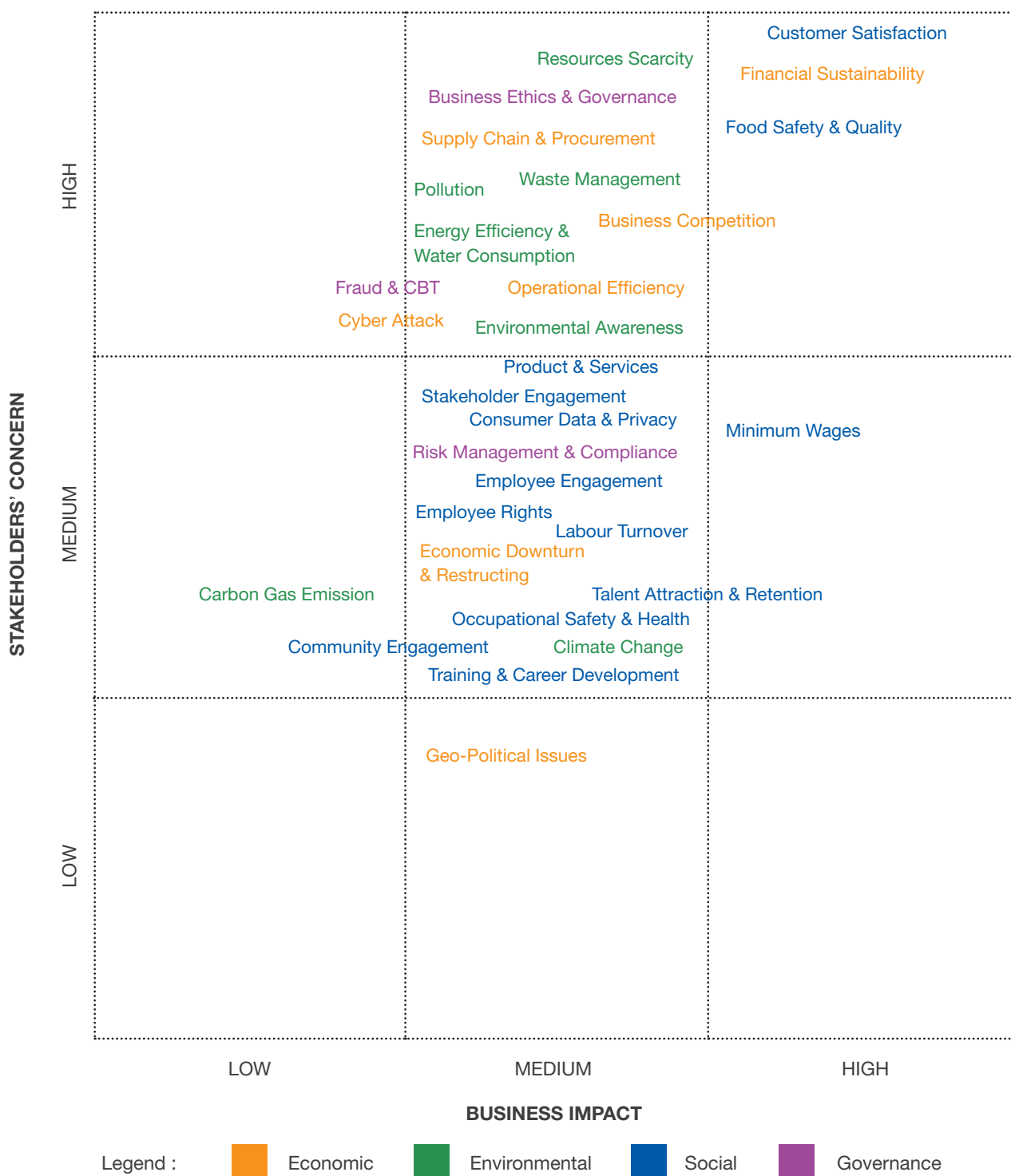
We have outlined those areas of concerns raised by our stakeholders in the following tables:- (Cont'd)

Stakeholder Group	Stakeholder's Concern	Engagement Method
Certification Bodies & Authorities (e.g. SIRIM, JAKIM, KKM & BOMBA)	Customers' Requirements	Products & Food Safety
	Certification & Licensing	Audit Process & Inspection Control
Local Communities	Supporting Community	Community activities such as promoting healthy lifestyle, blood donation, recycling programmes, sponsorship of school events, financial contribution to needs & charity events
	Social Care	Provide Equal Rights, Job Opportunity & Livelihood for Disabled Persons
	Public Awareness	Official Website & Annual Report
Shareholders / Investors	Company's Performance & Business Growth	Quarterly Reports & Annual General Meeting, Discussions with bankers and investors
	New Business Venture & Capital Investment	Press Release
	Distributorship of New Agencies' Products	Announcement to Bursa & Press Release
Media	Company's Quarterly & Year-End Financial Result	Press & Online News Release
	New Projects & Investments	Press & Online News Release
	Advertising & Promotion	Radio, TV, Print & Social Media
	Strategic Alliance with Agencies	Press & Online News Release

SUSTAINABILITY STATEMENT

7. MATERIALITY REVIEW, ASSESSMENT AND MAPPING OF SIGNIFICANT MATERIAL ISSUES

In Year 2018, we have conducted our first materiality review by understanding our stakeholders' concern. We proceed to work closely with the Management and key personnel of our subsidiary companies on the review and assessment process. There are 30 key sustainability matters being compiled, reviewed and assessed. This enabled us to develop a materiality matrix that reflect the most significant economic, environmental and social impacts that may concern stakeholders. An annual materiality assessment process will be undertaken by the GRMSC.



SUSTAINABILITY STATEMENT

8. SUSTAINABILITY REPORTING WORKSHOP

The GRMSD had conducted a Sustainability Reporting Workshop for the Business Division Heads, Risk Management & Sustainability Representatives, and key personnel on September 19, 2018. The workshop objective is to enable the participants to have an understanding of YLC Group's sustainability policy, framework's, processes and reporting function. It also includes core modules such as basic introduction to Bursa's Main Market Listing Requirements relating to sustainability disclosures, current sustainability issues and their impacts to the business, governance structure for managing sustainability, identifying stakeholders' role and their engagement, and explaining the need to collect, measure, assess and monitor sustainability data. There was an open discussion and questions session to provide an opportunity for the participants to clarify any issue that was related to the activities of their companies. The GRMSD had also prepared a Sustainability Reporting Manual which contains useful guidelines and a copy is given to the Risk Management & Sustainability Representative of each subsidiary company for reference.

9. POISE FOR THE FUTURE

At Yee Lee, we understand that most companies are now required to be transparent about their sustainability performance for all the stakeholders and investors evaluate. Transparency builds trust and we hope to create value for our stakeholders by combining profits with intangible factors such as protecting the environment and improving quality of life. Sustainability is an ongoing process based on systematic review, improvement, and application of policies and procedures. We will continue to strive for improvement in having a robust reporting framework.

CORPORATE SOCIAL RESPONSIBILITY

At Yee Lee, our connection to the people and organisations around us runs deep. As a local company whose dedication to progress has rooted shoots of sustained growth, we understand the importance that a helping hand can provide towards making a long-term impact. Therefore, in 2018, we have continued to strive towards our objective of assisting all branches of society in any way we can.

Below are some of our activities during the past year.



FOR COMMUNITY ENRICHMENT

Our CSR activities always begin in our home of Ipoh, Perak. Here, we sponsored the PSPA Festive Extravaganza organised by the Perak Society of Performing Arts (PSPA), showcasing a spellbinding display of multi-ethnic performing arts to the public, brought to life through a range of dances, musical performances and family-friendly activities. Furthermore, by inviting local corporations and NGOs to take part in the initiative, we were able to maximise the reach of this very worthy and highly educational initiative.

But the arts are just one aspect of our involvement. Just as important to the community is the inculcation of strong health and wellness practices, and by sponsoring the Tung Shin Hospital Antenatal Talk at Institut Jantung Negara, we supported an organisation that is striving to do great things in this area.

Meanwhile, our sponsorship of the Gabungan Persatuan-persatuan Hokkien Sabah Cooking Competition allowed us to touch the lives of the community in an area that is very close to their hearts. We treasured this special opportunity indeed.



*Gabungan Persatuan-persatuan Hokkien
Sabah Cooking Competition
(16 September 2018)*



PSPA Festive Extravaganza (23 December 2018)

CORPORATE SOCIAL RESPONSIBILITY



FOR TOGETHERNESS

Festive periods are treasured times for Malaysians, and we share a desire to bring joy to these special occasions. During Ramadhan, our sponsorship of products for neighborhood gatherings helped to ensure that the celebrations went off without a hitch, while our collaboration with the Buddhist Society of Ipoh (BSI) during Wesak Day saw us take part in a proudly local gathering that provided free lunch for all Buddhist devotees and the general public during this sacred holiday.

Togetherness is not limited to festive periods, however, and by providing a cash donation to a worthy “gotong-royong” initiative in Ipoh, our efforts contributed towards the full refurbishment of a gathering area in Lata Ulu Chepor. Through our assistance, a thorough cleaning of the picnic area was complemented by the organising of a family gathering, giving loved ones a reason to reconnect with one another.



Ramadhan (10 June 2018)



Lata Ulu Chepor (From April to July 2018)

CORPORATE SOCIAL RESPONSIBILITY



FOR THE NEXT GENERATION

Laying the groundwork for generational success, we have nurtured ties with established local educational institutions in our home town and beyond. Poi Lam High School is one such example. Having been a strong supporter of their food fair for over 10 years, this year we used the event as a means to fundraise for a well-needed upgrade to their school facilities and continuing education initiatives.

Similarly, our support of various school sports days and food fairs has empowered further investment in these schools. In 2018, we sponsored products for the Yuk Choy (Suwa) Secondary School Food Fair, Tadika Chan Meng Khor Annual Sport Day and the Tadika Methodist Ipoh Annual Sport Day.

However, our biggest contribution to the prospects of the next generation has come through our full-blooded support of the new government's Tabung Harapan initiative. In total, Yee Lee and our subsidiaries donated RM1 million to the fund during 2018, helping our nation overcome its debts and empowering our government to give the people of Malaysia the support and the policies they deserve.



Tabung Harapan Malaysia (2 June 2018)

CORPORATE SOCIAL RESPONSIBILITY

CSR FOR THE LESS FORTUNATE

We believe in going above and beyond for the most vulnerable members of society. Whether by supporting blood donation campaigns, helping charities to raise funds or donating towards the wellbeing of terminally ill patients, our attentions are focused on people who are most in need.

Yee Lee Recreation and Sports Club hosted a blood donation campaign with the aim of creating awareness about the benefits of blood donation, thus supporting the initiative of alleviating critical blood bank supply shortages. With this campaign, we are directly impacting the ability of our local blood banks to provide timely, immediate support that can save lives.

We have also sought to engage the public in the cause of the less fortunate through family friendly activities. This was demonstrated through the charity bazaar food fair supporting Rumah Kanak-Kanak Angels, an orphanage home in Kuala Lumpur.

In addition, we also supported needy families and people in the past year through strategic partnerships. Our sponsorship of a lightweight wheelchair to aide terminally ill and needy patients who have been referred by the Medical Social Welfare Department at hospitals is one such example, while a donation to the Ipoh Precious Gift Orphanage Society has been vital in assisting underprivileged children.

IN CONCLUSION

Driven by a desire to be a responsible corporate citizen, and an upstanding member of society, we will continue to seek out partnership opportunities that enable us to make an impact in the places where we do business.

We are firm in our belief that, as a growing organisation enlarging its footprint across the country, it is absolutely imperative for us to stay close to our roots in the communities and people who support us each and every day. Therefore, guided by the principles of our values, we will continue to turn corporate social responsibility into real action; action that brings meaningful change for those who matter.



Ipoh Precious Gift Orphanage Society (1 November 2018)

DIRECTORS' PROFILE

Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP

Executive Chairman

Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP aged 74, male, 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 50 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Life Honorary President of both the Associated Chinese Chambers of Commerce and Industry of Malaysia and the Perak Chinese Chamber of Commerce and Industry. He is the Chairman of Poi Lam High School (Suwa) and the Honorary President of Perak Hock Kean Association and the Federation of Hokkien Associations of Malaysia.

He is the Chairman of Spritzer Bhd, a public company listed on Bursa Malaysia Securities Berhad, as well as the Chairman of Yee Lee Organization Bhd, a non-listed public company in Malaysia.

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 Managing Director*

Lim Ee Young, aged 47, male, a Malaysian and was appointed to the Board on December 3, 2002. He was redesignated from Director to Group Chief Executive Officer on March 1, 2011 and subsequently redesignated to Group Managing Director on February 27, 2019. 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 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.

DIRECTORS' PROFILE

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Yin Fatt, aged 72, male, 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 and MSHK Corporation Bhd. He is also the Chairman of the Remuneration Committee of the Company.

Thang Lai Sung

Executive Director

Thang Lai Sung, aged 81, male, 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 43 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 Honorary Advisor 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

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP

Independent Non-Executive Director

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 68, male, a Malaysian and was appointed to the Board on May 26, 2016. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds the memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom and Association of Consulting Engineers Malaysia. He advises the Board members on all matters relating to civil and structural aspect of the Group's buildings.

He is a consultant engineer and the Managing Director of Nik Jai Associates Sdn Bhd, a company of civil and structural engineering consultants. He started his career as a civil engineer with Jabatan Kerja Raya ("JKR") in 1975 and was promoted to the post of Senior Executive Engineer in 1980. He left JKR in 1983 and joined an engineering consulting firm. In 1985, he set up his own partnership firm, Nik Jai Associates. In 1990, he incorporated his company, Nik Jai Associates Sdn Bhd which specialises in multi-storey buildings, highways, bridges and water resources.

He is a director of Spritzer Bhd, a member of the Audit Committee and Nomination Committee of the Company.

Dato' Mohd Adhan Bin Kechik, DJMK, SMK

Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik, aged 63, male, a Malaysian and was appointed to the Board on March 2, 1993. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He is currently the Chairman of the National Kenaf and Tobacco Board (Lembaga Kenaf dan Tembakau Negara).

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 also a director of Spritzer Bhd, the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee of the Company.

DIRECTORS' PROFILE

Lee Kee Hong

Independent Non-Executive Director

Lee Kee Hong, aged 71, male, a Malaysian and was appointed to the Board on March 2, 1993. He was involved in the senior management of several public listed companies between 1970 and 1990. Currently, he runs his own private business.

He is the Chairman of the Nomination Committee, a member of the Audit Committee and Remuneration Committee of the Company.

Sow Yeng Chong

Non-Independent Non-Executive Director

Sow Yeng Chong, aged 62, male, 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 Davis & 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, none of the above Directors have:-

- 1) any family relationship with any Director and/or major shareholder of the Company;
- 2) any conviction for offences within the past five (5) years other than traffic offences;
- 3) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
- 4) any conflict of interest with the Company.

KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management Profiles of Dato' Lim A Heng @ Lim Kok Cheong, Mr Lim Ee Young, Mr Chok Hooa @ Chok Yin Fatt and Mr Thang Lai Sung, kindly refer to the Directors' Profile in this Annual Report.

Lee Kon Cheng

Group General Manager

Aged 76, Male, Malaysian

Mr Lee is a Fellow of the Institution of Certified Engineers (M), 1st Grade Engineer (Steam), 2nd Grade Engineer (Internal Combustion Engines), Canadian Power Engineer and holds a Diploma in Management Programme (MIM).

He started his career serving a 4-year apprenticeship in mechanical engineering with Perak Hydro, the sole power generation and supply Company for the whole of Perak from the 1940s till 1970s. On graduation, he served the Company for 2½ years in power station practice before moving to palm oil milling in Socfin and then Sime Darby. Mr Lee has 25 years of experience in the palm oil milling and refining. In 1983/84, he oversees the design, supervision of construction and commissioning of our palm oil mill in Bidor. He spent a spell of 8 years from 1984 as General Manager of Mechmar Bestobell Bhd taking charge of the boiler, pressure vessel and mini power plant division.

In 1992, Mr Lee re-joined the Group, taking charge of our corrugated carton boxes plant. In 1998, he was appointed as Group General Manager providing engineering advisory services to subsidiaries in the Group while concurrently responsible for managing the corrugated carton boxes plant and palm oil mill.

Yap Sin Kheong

Group Financial Controller

Aged 50, Male, Malaysian

Mr Yap is a Chartered Accountant of the Malaysian Institute of Accountants and Associate Member of the Chartered Institute of Management Accountants Chartered Global Management Accountant. He has served the Group for the past 25 years in various capacities in the Accounts Department and was promoted to Group Financial Controller in January 2008. Mr Yap was also the Joint Company Secretary of Spritzer Bhd and the Company from 2009 to 2010 and 2009 to May 2017 respectively. Prior to joining the Group, he was an auditor with Messrs Monteiro & Heng for almost 2 years.

Seow Soon Hoo

Senior General Manager, Trading Division

Aged 57, Male, Malaysian

Mr Seow graduated from University Malaya with a degree in Bachelor of Economics majoring in Business Administration. He joined Yee Lee Trading Co Sdn Bhd in August 2006 as General Manager, Principal Division and was subsequently promoted to Senior General Manager in May 2008. He is responsible for the overall business operation of the trading division including business development and formulation of marketing plans and policies. Mr Seow was appointed to the Board of YLTC Sdn Bhd on December 5, 2017.

Mr Seow has more than 27 year in Fast Moving Consumer Product industry. Prior to joining the Group, he was the Indirect Sales Team Leader of Colgate Palmolive (Guangzhou) Co Ltd, responsible for the total general trade business of Colgate Palmolive China. He has been with Colgate Palmolive since 1986 starting as sales representative before being promoted to National Sales Manager.

Wong Hung

Managing Director, Aerosol Can Business

Aged 63, Male, Malaysian

Mr Wong was appointed as the Managing Director of Canpac Sdn Bhd ("Canpac") in June 2009. He joined Canpac in 1991 as Factory Manager and was appointed to the Board of Canpac in 1994. He is responsible for managing the business operations of both the aerosol can factory in Rawang, Malaysia and Ho Chi Minh City, Vietnam. He graduated from Federal Institute of Technology with a Diploma in Mechanical Engineering. Prior to joining the Group, he was with Malaysian Can Packaging (Malaysia) Sdn Bhd for 13 years as superintendent. Mr Wong has 41 years of experience in can packaging industry and was instrumental in setting up our aerosol can manufacturing business in Vietnam in 2004.

KEY SENIOR MANAGEMENT'S PROFILE

Goh Mung Chwee

Executive Director, Plantation & Tourism

Aged 59, Male, Malaysian

Mr Goh holds a Bachelor of Commerce (Hons) majoring in Business Administration from University of Windsor, Ontario, Canada. He has served the Group for the past 36 years in various capacities including General Manager and Advisor of Yee Lee Trading Co Sdn Bhd (East Malaysian Region). Mr Goh was appointed as Executive Director of Desa Tea Sdn Bhd, Sabah Tea Sdn Bhd and Sabah Tea Resort Sdn Bhd in November 1996, August 1998 and May 2012 respectively. He is responsible for managing the tea and oil palm plantation and the tourism business in Sabah.

Chong Vai Ming

Internal Auditor – Head / Risk & Sustainability Administrator

Aged 51, Male, Malaysian

Mr Chong is an Associate Member of the Chartered Institute of Management Accountants & Chartered Global Management Accountant, a Chartered Member of Institute of Internal Auditors, Malaysia, and possesses the Certification in Risk Management Assurance from the Institute of Internal Auditors. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

Mr Chong has served the Group for the past 24 years. He joined as the Assistant Internal Auditor in 1994 and was promoted as the Head of Internal Audit Department since January 1999. He was instrumental in setting up the Group's Risk Management Department in 1995 and had been appointed as the Risk Assessor to lead the department thereof. He was redesignated as the Risk & Sustainability Administrator in January 2018, and take charge of the Risk Management & Sustainability Department. He oversees the effectiveness of strategic internal audit and risk management functions as well as the implementation of sustainability initiatives for the Group.

Prior to joining the Group, he began his career at Carsem Semiconductor Sdn Bhd from 1990 to 1994, where he was responsible for overseeing the company's costing system, inventory control, factory insurance, fixed assets management, treasury and banking portfolios.

ADDITIONAL INFORMATION:

1. Save for Dato' Lim A Heng @ Lim Kok Cheong, Mr Lim Ee Young, Mr Chok Hooa @ Chok Yin Fatt and Mr Thang Lai Sung, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2. Save for Dato' Lim A Heng @ Lim Kok Cheong and Mr Lim Ee Young, none of the Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company.
3. None of the Key Senior Management has:-
 - (i) any conflict of interest with the Company;
 - (ii) been convicted of any offence (other than traffic offence) within the past five (5) years; and
 - (iii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.