

cocoaland®  
COCOALAND HOLDINGS BERHAD  
Registration No. 200001013413 (516019-H)

Annual Report 2020  
*Gift of Happiness!*



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# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Twenty-First (21st) Annual General Meeting (“AGM”) of the Company will be held at Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 17 June 2021 at 10.00 a.m. for the following purposes: -

## AGENDA

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Rule 131 of the Company's Constitution:-
  - (i) Tan Sri Dato' Sri Koh Kin Lip
  - (ii) Mr. Lau Kim Chew
  - (iii) Mr. Tai Chun Wah
3. To approve the payment of Non-Executive Directors' fees of up to RM350,000 and benefits of up to RM30,000 from this AGM until the next AGM of the Company.
4. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration.

### AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following ordinary resolutions: -

5. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act 2016 (“the Act”), the Company's Constitution, and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company and its subsidiaries to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 25 May 2021 which are necessary for the day-to-day operations and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company.

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

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (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 Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is earlier.

Please refer to Explanatory Note (a)

**Resolution 1**  
**Resolution 2**  
**Resolution 3**

**Resolution 4**  
Please refer to Explanatory Note (b)

**Resolution 5**

**Resolution 6**  
Please refer to Explanatory Note (c)

## notice of annual general meeting (cont'd)

AND THAT, authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution."

#### 6. Proposed Renewal of Share Buy-Back Authority

"THAT subject to the provisions of the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit, necessary and expedient in the interest of the Company, provided that :-

- (a) the aggregate number of ordinary shares purchased or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
- (b) the maximum amount of funds to be allocated for the share buy-back shall not exceed the aggregate sum of the retained profits of the Company at the time of purchase; and
- (c) the authority conferred by this resolution shall commence immediately upon the passing of this resolution and continue to be in force until :-
  - (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first.

THAT upon completion of the purchase(s) by the Company of its own shares, the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (a) cancel all the shares so purchased; and/or
- (b) retain the shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on the market of Bursa Securities; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

THAT where such shares are held as treasury shares, the Directors of the Company be and are hereby authorised to deal with the treasury shares in their absolute discretion in the following manner:-

- (a) distribute the shares as dividends to shareholders, such dividends to be known as "share dividends";
- (b) resell the shares or any of the shares in accordance with the relevant rules of the stock exchange;
- (c) transfer the shares, or any of the shares for the purpose of or under an employee's share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;

#### Resolution 7

Please refer to Explanatory Note (d)

## notice of annual general meeting (cont'd)

- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as the Minister may be order prescribe.

AND THAT the Directors of the Company be and are hereby authorised to take all such necessary steps to give effect to the Proposed Share Buy-Back with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed by the Board to be in the best interest of the Company, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back.

### 7. Proposed Retention of Independent Non-Executive Directors

“THAT the following Directors, who have served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years be and are hereby retained as Independent Non-Executive Directors of the Company:-

- (i) Dato' Azman Bin Mahmood
- (ii) Mr. Chow Kee Kan @ ChowTuck Kwan
- (iii) Tan Sri Dato' Sri Koh Kin Lip”

- 8. To transact any other business for which due notice shall have been given.

By Order of the Board

**NG HENG HOOI (MAICSA 7048492) (SSM PC No. 202008002923)**  
**WONG MEE KIAT (MAICSA 7058813) (SSM PC No. 202008001958)**  
**YAP FOOTENG (MACS 00601) (SSM PC No. 201908001099)**  
 Company Secretaries

Kuala Lumpur  
 Dated: 25 May 2021

### Notes:-

- (i) Only members whose names appear in the Record of Depositors as at 4 June 2021 will be entitled to attend and vote at the Meeting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) 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 (1) 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 holds.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot BO3-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

**Resolution 8**  
**Resolution 9**  
**Resolution 10**  
 Please refer to  
 Explanatory  
 Note (e)

## notice of annual general meeting (cont'd)

- (vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

**Explanatory Notes:-****(a) Audited Financial Statements and Reports of Directors and Auditors**

The provisions of Section 340(1)(a) of the Companies Act 2016 ("the Act") require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

**(b) Payment of Non-Executive Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Act, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration for the period from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in 2022. The Remuneration comprises of fees and meeting allowances payable to directors.

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

The Proposed Resolution 6, if approved, will enable the Company and its subsidiaries to enter into recurrent transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 25 May 2021.

**(d) Proposed Renewal of Share Buy-Back Authority**

The Proposed Resolution 7, if passed, will empower the Directors of the Company to purchase the Shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 25 May 2021.

**(e) Proposed Retention of Independent Non-Executive Directors**

The Nominating Committee has assessed the independence of Dato' Azman Bin Mahmood, Mr. Chow Kee Kan @ Chow Tuck Kwan and Tan Sri Dato' Sri Koh Kin Lip, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and upon its recommendation, the Board of Directors has recommended all the three Directors to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

- They fulfill the criteria under the definition on independent director as stated in the Listing Requirements of Bursa Securities; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;
- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company for more than 9 years and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

The Proposed Resolutions 8, 9 and 10, if passed, will enable the three Directors to continue in office as Independent Non-Executive Directors of the Company. Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company would be seeking the shareholders' approval through a two-tier voting process on the Proposed Resolutions 8 and 9 as the two Directors have served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years.

## notice of annual general meeting (cont'd)

**ADMINISTRATIVE GUIDE FOR THE TWENTY-FIRST ANNUAL GENERAL MEETING**

**Date** : Thursday, 17 June 2021

**Time** : 10.00 a.m.

**Venue** : Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, 2, Jalan Sultan Ismail, 50250 Kuala Lumpur.

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The health and safety of our members and staff who will be attending the Twenty-First Annual General Meeting ("21st AGM"), are our top priority. In light of the Coronavirus Disease 2019 (COVID-19) outbreak and as part of the safety measures, the following precautionary measures will be taken for the conduct of the 21st AGM:

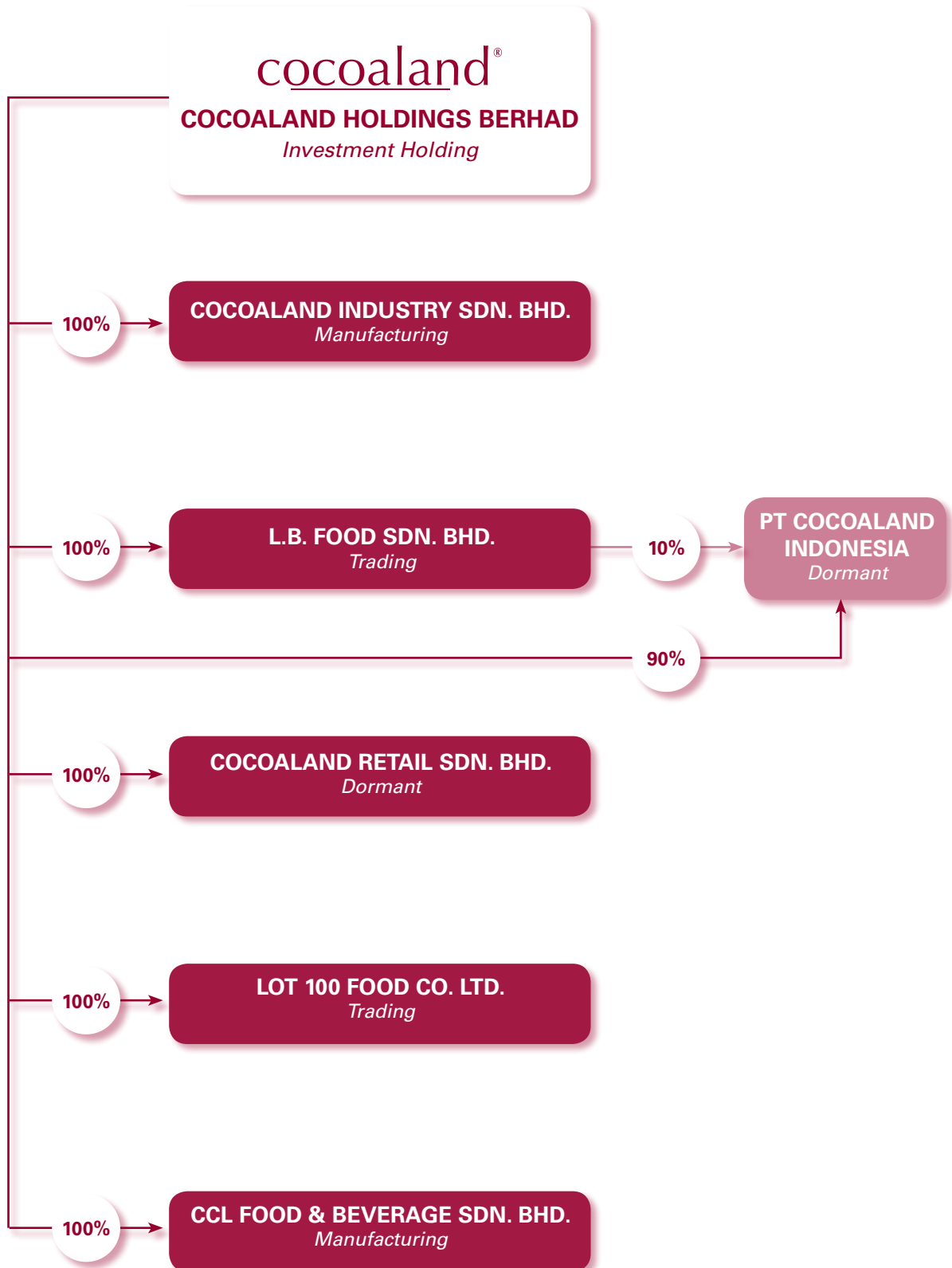
- a) Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices or had been in physical contact with any person infected with COVID-19 are advised to refrain from attending the 21st AGM in person. You may appoint a proxy or the Chairman of the meeting to attend and vote at the 21st AGM on your behalf.
- b) Members or proxies must sanitise your hands and are required to wear face mask before entering the 21st AGM venue and throughout the proceedings. Please be informed that the Company will not be providing face masks.
- c) We will be conducting temperature checks on all persons upon arrival at the AGM venue. The Company reserves the right to deny entry to anyone with a temperature of 37.5 degrees Celsius or higher and/or showing symptoms of respiratory illness such as coughing and sneezing.
- d) Members or proxies are advised to observe/maintain social distancing throughout the meeting.
- e) There will be NO door gifts and refreshment provided to the Members or proxies who attend the 21st AGM.
- f) Only members whose names appear in the Record of Depositors as at 4 June 2021 will be entitled to attend and vote at the 21st AGM.

# Corporate Information

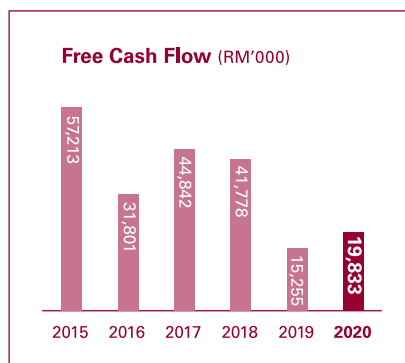
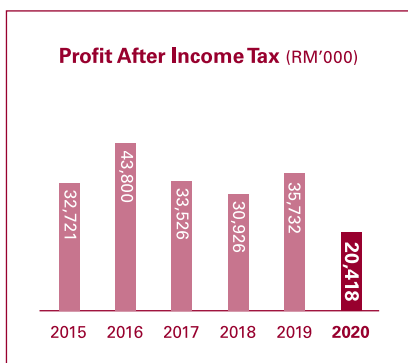
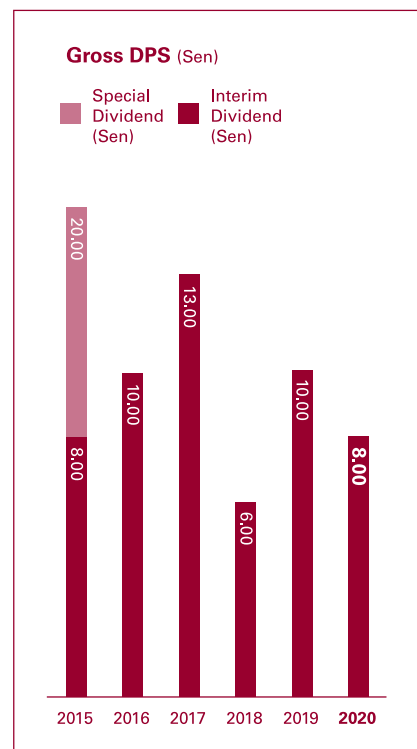
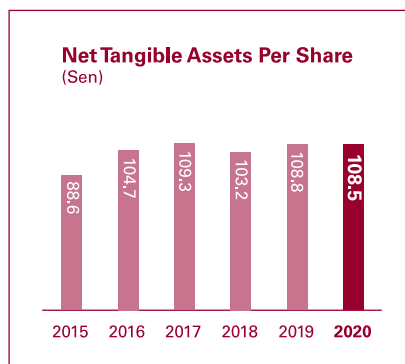
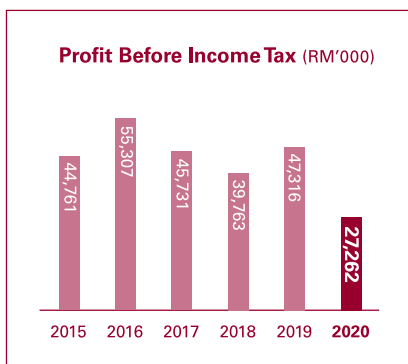
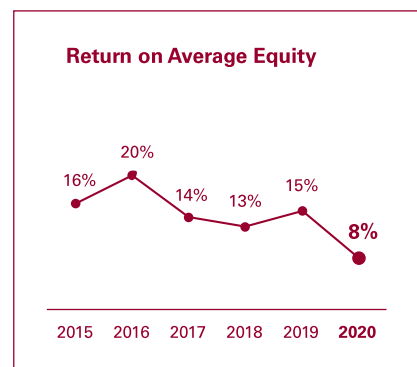
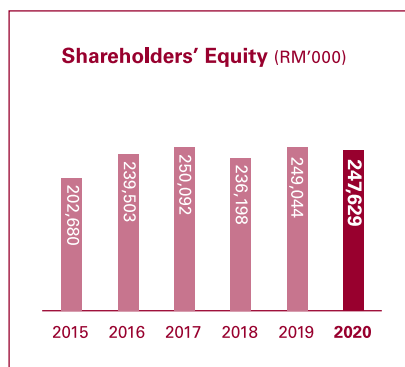
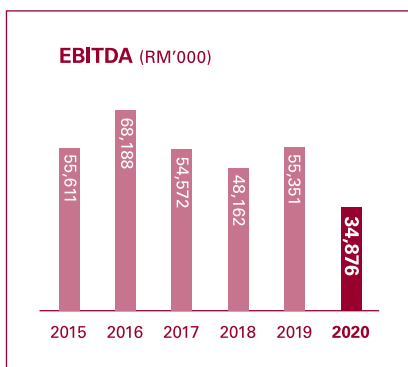
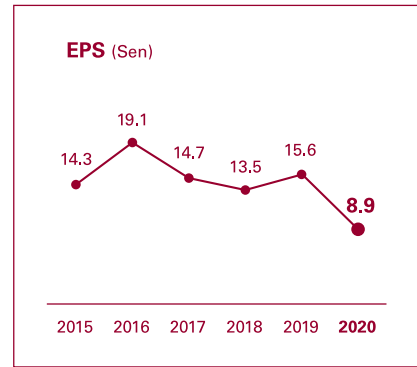
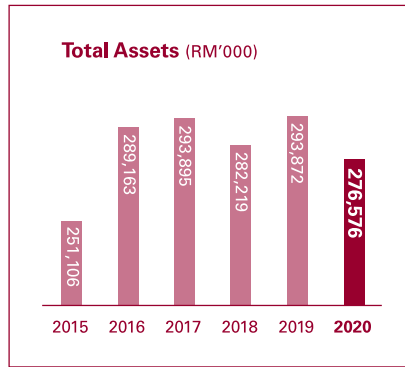
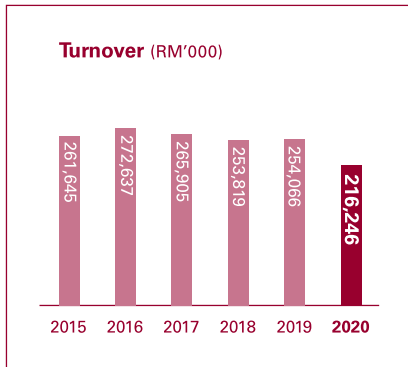
<b>BOARD OF DIRECTORS</b>	<p><b>Dato' Azman bin Mahmood</b> (Chairman / Independent Non-Executive Director)  <b>Tan Sri Dato' Sri Koh Kin Lip</b> (Senior Independent Non-Executive Director)  <b>Liew Fook Meng</b> (Executive Director)  <b>Lau Kee Von</b> (Executive Director)  <b>Lau Pak Lam</b> (Executive Director)  <b>Lau Kim Chew</b> (Executive Director)  <b>Tai Chun Wah</b> (Executive Director)  <b>Chow Kee Kan @ Chow Tuck Kwan</b> (Independent Non-Executive Director)  <b>Lim Yew Hoe</b> (Non-Independent Non-Executive Director)  <b>Soh Swee Hock @ Soh Say Hock</b> (Non-Independent Non-Executive Director)  <b>Lau Cheng Yew</b> (Alternate Director to Lim Yew Hoe)</p>
<b>AUDIT &amp; RISK MANAGEMENT COMMITTEE</b>	<p><b>Chow Kee Kan @ Chow Tuck Kwan</b> (Chairman / Independent Non-Executive Director)  <b>Tan Sri Dato' Sri Koh Kin Lip</b> (Member / Senior Independent Non-Executive Director)  <b>Lim Yew Hoe</b> (Member / Non-Independent Non-Executive Director)</p>
<b>REMUNERATION COMMITTEE</b>	<p><b>Dato' Azman bin Mahmood</b> (Chairman / Independent Non-Executive Director)  <b>Tan Sri Dato' Sri Koh Kin Lip</b> (Member / Senior Independent Non-Executive Director)  <b>Chow Kee Kan @ Chow Tuck Kwan</b> (Member / Independent Non-Executive Director)  <b>Soh Swee Hock @ Soh Say Hock</b> (Member / Non-Independent Non-Executive Director)</p>
<b>NOMINATING COMMITTEE</b>	<p><b>Chow Kee Kan @ Chow Tuck Kwan</b> (Chairman / Independent Non-Executive Director)  <b>Dato' Azman bin Mahmood</b> (Member / Independent Non-Executive Director)  <b>Tan Sri Dato' Sri Koh Kin Lip</b> (Member / Senior Independent Non-Executive Director)</p>
<b>COMPANY SECRETARIES</b>	<p>Ng Heng Hooi (MAICSA 7048492) (SSM PC No. 202008002923)  Wong Mee Kiat (MAICSA 7058813) (SSM PC No. 202008001958)  Yap Foo Teng (MACS 00601) (SSM PC No. 201908001099)</p>
<b>CORPORATE WEBSITE</b>	www.cocoaland.com
<b>AUDITORS</b>	<p><b>UHY</b> (Chartered Accountants)  Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra,  59200 Kuala Lumpur  Tel: 03-2279 3088 Fax: 03-2279 3099</p>
<b>PRINCIPAL BANKERS</b>	<p>Citibank Berhad  Public Bank Berhad</p>
<b>CORPORATE OFFICE</b>	<p>Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan  Tel: 03-6091 3131 Fax: 03-6091 5131</p>
<b>REGISTERED OFFICE</b>	<p>BO3-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar,  59200 Kuala Lumpur.  Tel: 03-2080 6388 Fax: 03-2080 6399</p>
<b>SHARE REGISTRAR</b>	<p>Bina Management (M) Sdn. Bhd.  Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan  Tel: 03-7784 3922 Fax: 03-7784 1988</p>
<b>STOCK EXCHANGE LISTING</b>	<p>Bursa Malaysia Securities Berhad – Main Market  Stock Code: 7205</p>



# Corporate Structure



# Financial Highlights



## Directors' Profile

### DATO' AZMAN BIN MAHMOOD

*70 years of age, Male, Malaysian*

*Chairman and Independent Non-Executive Director*

He was appointed to the Board on 8 October 2004. He is a member of the Institute of Chartered Accountants in England & Wales.

He has vast experience working in a number of auditing firms in London, United Kingdom and Johor Bahru, from 1971 to 1980. In 1983, he was the Senior Manager of MUI Bank Bhd (now known as Hong Leong Bank Bhd). From 1983 to 1990, he was the Group Financial Controller and later the Director of Finance Division of Kumpulan Peransang Selangor Bhd. From 1991 to 1996, he was the Managing Director of Worldwide Holdings Bhd, after which he started his own property business via Fine Access Sdn. Bhd in which he now is as Chairman.

Currently, he is an Independent Non-Executive Director of Jaks Resources Bhd.

He is the Chairman of the Remuneration Committee and member of the Nominating Committee.

### TAN SRI DATO' SRI KOH KIN LIP

*72 years of age, Male, Malaysian*

*Senior Independent Non-Executive Director*

He was appointed to the Board on 15 January 2010. He graduated from Plymouth Polytechnic (now known as Plymouth University), UK with a Higher National Diploma in Business Studies and a Council's Diploma in Management Studies.

He began his career in Standard Chartered Bank, Sandakan in 1977 as a trainee assistant. In 1978, he joined his family business and was principally involved in administrative and financial matters. In 1985, he assumed the role as Chief Executive Officer of his family business. In 1987, he was pivotal and instrumental in the formation of Rickoh Holdings Sdn. Bhd., the flagship company of the family businesses.

Rickoh Holdings Sdn. Bhd. and group of companies had since continued to grow via diversifying their business activities which comprise, among others, properties investments/holdings, properties letting, property development, securities investments, oil palm plantations, sea and land transportation for crude palm oil and palm kernel, information technology, hotel business, car park operator, insurance agency, trading in golf equipment and accessories, river sand mining, bricks manufacturing and quarry operations.

He is a Non-Independent Non-Executive Director of NPC Resources Bhd, Senior Independent Non-Executive Director of IOI Properties Group Bhd and Independent Non-Executive Director of T7 Global Bhd.

He is a member of the Audit & Risk Management Committee, Nominating Committee and Remuneration Committee. He is also the Senior Independent Director of the company.

**LIEW FOOK MENG**

*73 years of age, Male, Malaysian  
Executive Director*

He was appointed to the Board on 8 October 2004.

He has more than 30 years of experience in the manufacturing and marketing of confectionery products. He oversees product development through his active involvement in introducing new ideas and flavouring processes.

Currently, he holds other directorship in Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Lau Kee Von, Mr. Lau Pak Lam and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

**LAU KEE VON**

*68 years of age, Male, Malaysian  
Executive Director*

He was appointed to the Board on 8 October 2004 and holds a Master degree in Business Administration from American Liberty University, USA.

He has more than 30 years of experience in the manufacturing and wholesale of confectionery products. He started out as a partner of Lau Brothers Food Trading Co. in 1976, which was primarily involved in the distribution of confectionery products. In 1984, he and the other partners incorporated L.B. Food Sdn. Bhd., currently one of the subsidiaries within the Group to take over the operations of the partnership. At the same time, he was appointed as the Managing Director of L.B. Food Sdn. Bhd and Cocoaland Industry Sdn. Bhd. Under his stewardship over the past 30 years, the Group has grown from a family business converted into one of the largest confectionery manufacturers and distributors in Malaysia.

Currently, he also holds other directorship in Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Pak Lam and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

## directors' profile (cont'd)

**LAU PAK LAM**

*63 years of age, Male, Malaysian  
Executive Director*

He was appointed to the Board on 8 October 2004 and holds a Master degree in Business Administration from American Liberty University, USA.

He has more than 30 years of experience in the manufacturing and wholesale of confectionery products. Having been involved in the convenience food manufacturing industry for over 25 years, he has established long-standing relationships with various local retailers and wholesalers in the same industry.

He also holds other directorship in Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

**LAU KIM CHEW**

*56 years of age, Male, Malaysian  
Executive Director*

He was appointed to the Board on 28 August 2017.

He was appointed as a Director of Cocoaland Industry Sdn. Bhd. on 20 October 1990. He also sits on the Board of CCL Food and Beverage Sdn. Bhd. He is actively involved in manufacturing operations specializing in product development.

He also holds other directorship in Cocoaland Group of Companies and several other private limited companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von and Mr. Lau Pak Lam are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

**CHOW KEE KAN @ CHOWTUCK KWAN**

*68 years of age, Male, Malaysian  
Independent Non-Executive Director*

He was appointed to the Board on 8 October 2004.

He is an approved Company Auditor and Chartered Accountant. He has his own audit and tax practices with more than 30 years of practical experience.

He was a council member of Malaysian Institute of Accountants from 1987 to 1994 and also a council member of Chartered Tax Institute of Malaysia from 1991 to 2014.

He is the Chairman of the Audit & Risk Management Committee and Nominating Committee. He is also a member of the Remuneration Committee.

**LIMYEW HOE**

*55 years of age, Male, Singaporean  
Non-Independent Non-Executive Director*

He was appointed to the Board on 1 October 2015.

He graduated from the National University of Singapore with a Bachelor of Science (Estate Management). He also holds a Master of Business Administration majoring in Banking and Finance from Nanyang Technological University of Singapore.

Mr. Lim was appointed as the Chief Executive Officer of Fraser & Neave Holdings Bhd ("F&NHB") Group on 1 December 2014. Prior to joining F&NHB Group, he spent 17 years at Asia Pacific Breweries Limited (now known as Heineken Asia MTN Pte Ltd). He held various positions within the group, and he last served as Managing Director of Asia Pacific Brewery (Hanoi) Limited in November 2014.

He is a member of the Audit & Risk Management Committee.

## directors' profile (cont'd)

**TAI CHUN WAH**

*54 years of age, Male, Malaysian  
Executive Director*

He was appointed to the Board on 3 January 2012. He is a member of the Chartered Institute of Management Accountants (CIMA), United Kingdom and Malaysia Institute of Accountants (MIA).

He joined Cocoland Group in 1996 as an Accountant and was subsequently promoted to Group Accountant in 1998 and later to Finance Director in 2012. He is responsible for the Group's daily accounting, corporate finance, human resources and administrative functions. Prior to joining the Cocoland Group, he was an Accounts Executive in May Plastics Industries Berhad, a public listed company principally involved in the business of plastic injection molding for 4 years.

He also holds other directorships in Cocoland Group of Companies.

**SOH SWEE HOCK @ SOH SAY HOCK**

*59 years of age, Male, Malaysian  
Non-Independent Non-Executive Director*

He was appointed to the Board on 1 December 2010. He holds a Master Degree in Business Administration, State University of New York at Buffalo, New York, United States of America.

He joined IBM Malaysia in 1988, last held position as Planning Analyst. In 1992, he joined Lion Group of Malaysia as Senior Business Analyst and held various management positions within Lion Group of Companies of which his last appointment was General Manager, China Investment Division. He then joined Asia Pacific Breweries Limited in 2004 as Assistant General Manager (Projects) and his last appointment was General Manager (Business Development, China). He joined Fraser & Neave Holdings Berhad in 2010 as Senior Manager, Projects and he is currently the Managing Director, International Markets Development.

He is a member of the Remuneration Committee.

**LAU CHENGYEW**

*58 years of age, Male, Malaysian  
Alternate Director to Lim Yew Hoe*

He was appointed Alternate Director to Mr. Lim Yew Hoe on 1 April 2017.

He has over 40 years of commercial experience across various functions, which includes sales, marketing, business development, sales operations, property and project management. Currently with F&N Group, he is the Director of Property & Integrated Projects, as well as Logistics & Distribution.

**Notes:**

1. *Save as disclosed, none of the Directors have any family relationship with any Director and/or major shareholder of the Company.*
2. *None of the Directors have been convicted of any offence (other than traffic offences) within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.*
3. *None of the Directors have any conflict of interest with the Company.*
4. *Save as disclosed, none of the Directors hold any directorships in other public companies.*
5. *Number of board meetings attended by each Director during the financial year are disclosed in the Corporate Governance Overview Statement of this Annual Report.*



## Key Senior Managements' Profile

### LEW FOO CHAY

*75 years of age, Male, Malaysian*

He was appointed as a Director of Cocoaland Industry Sdn. Bhd. on 4 January 2012. He graduated from National Taiwan University in the early of 1970s with a Bachelor of Science degree. He has extensive experience in manufacturing industry of confectionary products.

After graduation, he joined Cheong Chan Hup Kee Sdn. Bhd. in 1974 as a Food Technologist. He served Vite Canning Sdn. Bhd. as a consultant from 1979 to 1982. Prior to joining Cocoaland Group, he was the Production Manager of Hudson Sdn. Bhd. for a year. Presently, he is responsible for the Group's research and development unit.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von, Mr. Lau Pak Lam and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

### LIEW YOON KEE

*72 years of age, Male, Malaysian*

He was the Sales Executive for L.B. Food Sdn. Bhd., currently one of the subsidiaries within the Group for 5 years from 1979 to 1984. Since then, he joined B Plus Q Sdn. Bhd. as Factory Manager until 2008.

Currently, he also holds other directorship in Cocoaland Group of Companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von, Mr. Lau Pak Lam and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

## key senior managements' profile (cont'd)

**LAU KWAI CHOON**

*60 years of age, Male, Malaysian*

He was appointed as a Director of Cocoland Industry Sdn. Bhd. on 20 October 1990. He also sits on the Board of L.B Food Sdn. Bhd. and CCL Food and Beverage Sdn. Bhd. He has more than 30-year experience in manufacturing operations, overseeing supply chain management, inventory management and a adherence of product quality standards.

Currently, he also holds other directorship in Cocoland Group of Companies.

His siblings, Mr. Liew Fook Meng, Mr. Lau Kee Von, Mr. Lau Pak Lam and Mr. Lau Kim Chew are also members of the Board. He also has a direct shareholding in the Company's substantial shareholder, Leverage Success Sdn. Bhd.

**Notes:**

- 1. None of the Key Senior Management have been convicted of any offence (other than traffic offences) within the past 5 years and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.*
- 2. None of the Key Senior Management have any conflict of interest with the Company.*
- 3. None of the Key Senior Management hold any directorships in other public companies.*

# Management Discussion And Analysis

## IMPACT OF COVID-19 PANDEMIC AND MOVEMENT CONTROL ORDER (“MCO”)

The Covid-19 pandemic has caused substantial economic disruptions globally and most countries including Malaysia, have had to take unprecedented control measures to contain its spread within their borders. In its efforts to break the transmission of the virus, the Government of Malaysia imposed a nationwide Movement Control Order (“MCO”), which commenced from 18 March 2020 until 3 May 2020. The Group’s production operation was temporarily disrupted because only half of the workforce was allowed to work. The supply chain was also negatively impacted due to closure of retail and inbound logistic operation during this period.

The introduction of Conditional MCO from 4 May 2020 to 9 June 2020 and the subsequent Recovery MCO which took effect from 10 June 2020 had allowed the Group fully resume operational activities. During the implementation of various phases of MCO, the Group maintained business relationships with the overseas markets through agents abroad who diligently helped to service the customers. Covid-19 outbreak presents new challenges but the Group continued to abide to Covid-19 Standard Operating Procedures without any compromise to the staff’s health and also the Group’s business risks. Instances of measures undertaken comprise:

- (a) Monitor and record daily body temperature for all employees, visitors, contractors, and suppliers through a wall mounted thermometer. They are allowed to enter into the workplace only being registered with MySejahtera application and wearing mask is a must,
- (b) Segregate the seats in working and common areas such as seats in meeting room and canteen to ensure physical distancing of minimum distance of 1 meter,
- (c) Distribute 3-ply face mask weekly to each department and ensure inventory of hand sanitizer is sufficient,
- (d) Provide regular updates and the latest development relating to Covid-19 pandemic, and disseminate to all employees through MEMO circulation and briefing,
- (e) Inner or inter-department meeting is encouraged to be conducted online unless it is a very urgent matter.

As a prevention measure, the Group has also undertaken daily disinfection for the operation areas and workers’ hostels. The Group believes the operations are better prepared this time around and will maintain the operations in the most effective way going forward.

## FINANCIAL REVIEW

The year 2020 was a challenging year for Cocoland Holdings Berhad (“Cocoland” or the “Group”) in the wake of Coronavirus (“Covid-19”) pandemic. The pandemic outbreak has caused the decelerating consumption for non-essential products.

The Group posted RM216.2 million, revenue for the financial year ended 31 December 2020 (“FY 2020”), a decrease of 14.9% as compared to the RM254.0 million recorded in the preceding year’s financial year ended 31 December 2019 (“FY 2019”). The declining in the revenue was predominantly due to the softer demand for in-house gummy from abroad especially Vietnam, China, South Korea and Hong Kong. However, it was partially offset by rising demand for gummy segment of Contact Manufacturing Business and in-house wafer and Cocopie from domestic market and snack in Middle East.

Lower profit before tax (“PBT”) of RM27.3 million, a decline of 42.4% compared to RM47.3 million achieved in FY 2019, which was in line with the declining group revenue in spite of lower factory overhead and distribution cost. Subsequently, it resulted a decline of 42.8% in Profit After Tax (“PAT”) at RM20.4 million, as compared to RM35.7 million for FY 2019.

Earnings Per Share (“EPS”) stood at 8.9 sen for the financial year under review compared to 15.6 sen in the FY 2019. The Group remains financially healthy in respect of the consolidated statements of financial position for FY 2020 where cash position comprising cash and cash equivalents stood at RM77.1 million as at 31 December 2020.

The Covid-19 infection, in particular, was a key downside risk that affected production and economic activities in the FY 2020. This pandemic presented a major challenge to the Group’s financial performance. This pandemic will remain a threat to Malaysia’s socio-economy recovery, development and future growth as long as the Covid-19 vaccines’ efficacy remains to be proven and until immunity is effectively achieved.

## management discussion and analysis (cont'd)

## OPERATIONS REVIEW BY BUSINESS SEGMENT

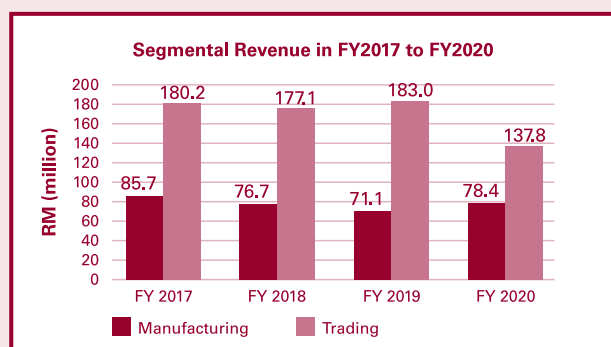
The Group's business segments are as follows:

## Manufacturing Segment

The segment posted RM78.4 million for the revenue in the current financial year under review, increased by 10.3% as compared to RM71.1 million recorded for FY 2019. The increase in revenue was mainly attributable to the rising demand of gummy from the Contract Manufacturing Business in spite of lower demand in hard candy and beverage segment. Lower profit before taxation ("PBT") was mainly due to the lower margin of sales mix and material price pressure.

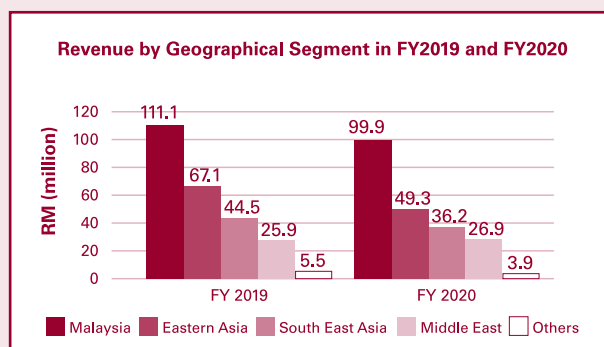
## Trading Segment

The segmental revenue generated revenue of RM137.8 million for FY 2020, decreased by 24.7% as compared to RM183.0 million in FY 2019. The decline in revenue was impacted by the disrupted operation in retail business and slowing shopping traffic due to Covid-19 pandemic and various phases of MCO, resulting in lesser sales to customers. Lower PBT was primarily attributable to the declining demand from overseas and domestic market in spite of lower product promotion spending and transportation charges arising from lesser sales orders during MCO.



## OPERATIONS REVIEW BY GEOGRAPHICAL SEGMENT

For the current financial year under review, Malaysia achieved revenue RM99.9 million, a decrease of 10.1% as compared to RM111.1 million recorded in FY 2019, mainly due to softer demand for in-house gummy especially in second quarter of FY 2020. Most of the retail operations were temporarily interrupted during the MCO from 18 March 2020 to 3 May 2020. Following that, Eastern Asia posted RM49.3 million in FY 2020, a decline of 26.4% as compared to RM67.1 million registered in FY 2019, principally attributable to the declining demand from key overseas markets.



## SHARE PRICE PERFORMANCE

The share price of Cocoaland closed at RM1.74 on 31 December 2020, with a total market capitalisation of RM 398.1 million. The year's highest stood at RM1.98 while the year's lowest stood at RM1.39. The average daily trading volume stood at 78,328 units.

## DIVIDEND

Currently, Cocoaland does not have any formal dividend policy in place. Although the Group's revenue and profit were declined compared to FY 2019, the Board of Directors continues to be mindful of shareholders' wealth maximisation. The Group



## management discussion and analysis (cont'd)

declared a total dividend of 8 sen per ordinary share, amounting to 227,099,400 ordinary share (excluding treasury shares), totalling to RM18.168 million in respect of the FY2020, was paid on 24 December 2020. This resulted in the average pay-out over the past 10 years has stood at 71%.

### ANTICIPATED BUSINESS RISKS

In addition to any impact on business arising from new global or local economic upheavals and downturn especially due to the Covid-19 pandemic or MCO, other risks include:

**(a) Increasing competition in the confectionery industry**

The competition for market share was becoming more intense in the confectionery industry. The challenge stems from not only domestic but also overseas industry players. To stay competitive, the Group continues to launch multi-flavour products offerings customised to reach wider segment of customers, improves distribution channels, further control cost and enhance the operational efficiency.

**(b) Volatility in raw material prices**

As manufacturer, the costs of key materials in particular gelatine and sugar used in the manufacturing operation are sensitive to shifts in commodity prices. Increase in the market price of these key materials will have an adverse impact on the Group's profitability. The group continues to pile up inventory to a reasonable level when prices are relatively low as well as expand more sources of suppliers to obtain more competitive price without any compromise to the quality standard.

**(c) Currency exchange rates**

As a large proportion of revenue is derived from export sales, the USD / RM rate is the primary driver of the Group's currency exchange risk. As a countermeasure, a part of the Group's purchases are denominated in USD, which provides a natural hedge to minimise any impact from sudden fluctuations in USD. In addition, the Group also expects to be able to pass the cost arising from the volatility of the USD to its customers thus further reducing its currency exchange risk exposure.

### BUSINESS OUTLOOK

With the current global race to deliver the Covid-19 vaccines, the Government of Malaysia has announced that the economy is allowed to re-open under "New Normal", there is an optimism that the global and domestic economy will get better albeit slowly. The Group learnt lessons from the MCO. The business operations are better prepared this time around. While cognisant of the challenging period ahead, the Group continues to strengthen the supply chain management and review the cost management measures besides expanding its market share going forward. This would benefit the Group as it further strengthens its economies of scale.

However, the Group remains cautious as domestic economic environment and consumption sentiment are still uncertain. Despite headwinds from challenging economic environment, the Group will be prudent and cautious in drawing up the business plans for the coming financial year 2021. In view of the increasingly competitive landscape apart from the enhancement on the current existing business, the Group will explore and pursue for the suitable partner, merger and acquisition targets where there is synergy to complement long term strategies.

# Sustainability Statement

Cocoaland Holdings Berhad ("Cocoaland" or "the Group") is pleased to present our Sustainability Statement outlining our commitment towards being a sustainable organisation and reflects our approach to continuously improve across the Economic, Environmental and Social ("EES") pillars of sustainability.

## SCOPE AND REPORTING BOUNDARY

This sustainability statement covers our efforts and initiatives undertaken by the Group within the financial year ended 31 December 2020 ("FY2020"). The statement's scope covers the overall EES performance of all the operating divisions of Cocoaland in Malaysia and account for 96.2% of the Group's total revenue for FY2020. This Statement has been prepared based on:

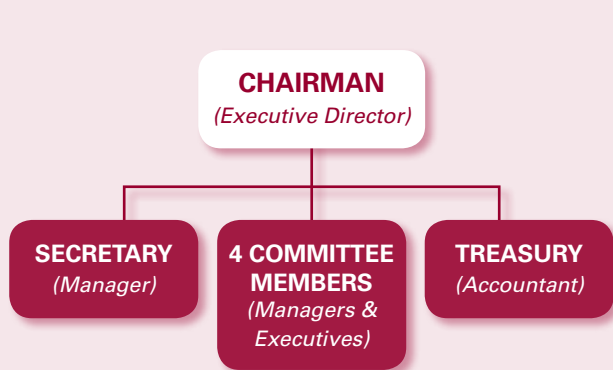
- Paragraph 29, Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, supplemented by Practice Note 9; and
- Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad which was published in 2018

## SUSTAINABILITY APPROACH

As a leading confectioner producing both in-house brands as well as for the Original Equipment Manufacturer ("OEM")/Original Design Manufacturer ("ODM") market segments for consumers, both domestic and overseas, we are mindful of how our operations create long-term sustainable value for all stakeholders. In this regard, the Group endeavours to address issues related to sustainability across the various EES impacts of the activities of the Group and the interests of our key stakeholders.

To oversee and manage the material EES risks and opportunities that support business continuity and competitiveness over the long term, the Group is guided and supported by two committees, the Corporate Social Responsibility ("CSR") and Safety, Health and Environment ("SHE"), which were set up in 2015.

An annual assessment is known as the Safety, Health and Environment Objective Framework is released by the SHE committee to ensure that all measures are updated and that employees are informed of the ethical practices that they must adhere across the Group's operation.



Year 2020 - Organisation Chart of CSR Committee



Year 2020 - Organisation Chart of SHE Committee

## STAKEHOLDER ENGAGEMENT

The Group recognises the importance of engaging with its stakeholders in order to identify their concerns and views on sustainability issues.

For the current reporting year, the Group has identified employees, distributors and customers, government

## sustainability statement (cont'd)

and regulators, shareholders and investors, suppliers, the local community, and media and analysts as key stakeholders. The engagement approach to key stakeholders can be summarised below:

Stakeholder Group	Areas of Concern	Engagement Approaches
Employees	<ul style="list-style-type: none"> <li>• Business ethics and code of conduct</li> <li>• Circulation of internal policies</li> <li>• Workplace safety</li> <li>• Performance management</li> <li>• Career development</li> <li>• Learning and development</li> <li>• Employees satisfaction</li> <li>• Working environment</li> <li>• Competitive remuneration benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Inter-departmental meetings</li> <li>• Performance evaluation</li> <li>• Product knowledge sharing programs</li> <li>• Training and development programs</li> <li>• Company annual dinner</li> <li>• Social activities organised by Group CSR committee</li> <li>• Communication/ feedback through the Group social network</li> </ul>
Distributors and Customers	<ul style="list-style-type: none"> <li>• Product quality and affordability</li> <li>• Support service</li> <li>• Branding</li> <li>• Engagement of opportunities and platform</li> <li>• Customer-company relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Product standards and certification</li> <li>• Feedback form and survey</li> <li>• Trade fairs and exhibitions</li> <li>• Dialogue through social media platforms</li> <li>• Contract negotiation</li> <li>• Regular update on corporate website</li> </ul>
Government and Regulators	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Approval and permits</li> <li>• Occupational safety and health</li> <li>• Environmental management and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Necessary reporting</li> <li>• Audit and verification</li> <li>• Regular inspection by the local authority</li> <li>• Training programmes and dialogue</li> <li>• Regular update on regulations</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>• Sustainable income distribution</li> <li>• Corporate governance</li> <li>• Group financial performance</li> <li>• Instant corporate exercise information</li> <li>• Investor relationship management</li> <li>• Business strategies</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Extraordinary General Meeting</li> <li>• Quarterly report and annual report</li> <li>• Public announcement</li> <li>• Regular update on the corporate website</li> <li>• Investors' meetings and briefings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Transparent procurement practices</li> <li>• Safety compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service proposal</li> <li>• Delivery schedule</li> <li>• Evaluation and performances review</li> <li>• Factory visits and field audit on suppliers</li> <li>• Regular meeting</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>• Investments for local welfare</li> <li>• Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Charitable contribution and product sponsorships to local communities</li> <li>• Social welfare programs</li> </ul>
Media and Analysts	<ul style="list-style-type: none"> <li>• Reputation and image</li> <li>• Business updates and corporate news</li> </ul>	<ul style="list-style-type: none"> <li>• Media releases</li> <li>• Interviews</li> </ul>

## GOVERNANCE STRUCTURE

The Board of Directors is aware of its responsibilities towards business sustainability and while putting greater emphasis in balancing economic viability with preservation of environment and social responsibility. With a view of embedding sustainability elements in its work culture, the executive directors and management implement the Group's sustainability initiatives to ensure that key targets are being met through regular meetings with

## sustainability statement (cont'd)

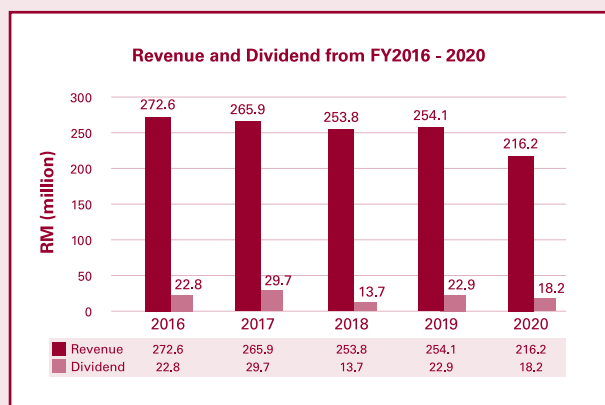
representatives from each department on how sustainability principle can be embedded into day-to-day operations.

Engagements with stakeholders are constantly made to ensure that expectations are understood, concerns are taken care of and that the measures are taken to ensure sustainability are monitored for progress. Stakeholder engagement initiatives are illustrated below:

### 1. ECONOMIC SUSTAINABILITY PERFORMANCE

There is a constant need to understand and monitor consumer trends, whether for in-house brands or OEM/ODM products, in order to remain competitive and deliver satisfactory financial performance to maximize the shareholders' wealth. One trend that has become important over the recent years is for less sugar content in our products. We now offer products in the Group's existing range that caters to consumer demand for less sugary confectionaries.

At the backdrop of Covid-19 Pandemic outbreak, the Group's revenue declined to RM216.2 million from RM254.1 million in FY2019. However, Cocoaland is always mindful of the shareholders' wealth creation. The Group continued to declare dividend amounting to RM18.2 million in FY2020.



#### 1.1 Product Portfolio Management

We now offer products with less sugar content not just to attract more health-conscious consumers but also as part of the initiative to be mindful of our impact on society's health given that levels of sugar consumption in South East Asia remains one of the highest in the world. As trends towards healthier living being adopted by more people, their consumption patterns will change and the Group can then expand market share that contributes to revenue growth.

#### 1.2 Competitive Advantage

Effective capital deployment is key to the Group's long-term sustainability and value-creation in a competitive consumer landscape that is ever-changing.

For FY2020, gummy products comprised over 55% of the Group's product portfolio which took the lead consistently from FY2019. In response to growing overseas demand for gummies, the Group has been working on building its fourth gummy production line which is expected to be completed in FY2021.

#### 1.3 Talent Management

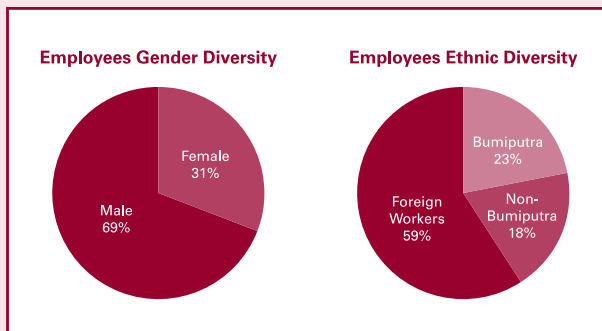
The Group is committed to recognise diversity which may result from a range of factors including race, colour, religion, sex, age, gender, ethnicity, nationality, social status or other personal factors, as a



## sustainability statement (cont'd)

means of enhancing the Group's performance by recognising and utilising the contribution of diverse skills and talents from workforce.

We practice diversity as can be seen in our multiracial and gender balance workforce. As of 31 December 2020, Cocoland employs a total of 986 employees, comprising 406 local and 580 foreign employees.



Recognising that skilled and knowledgeable employees are integral to growth; the Group has in place a system to equip them with the needed skills and training. These system of training and skills development suits industry needs as well as the personal skillsets of the employee.

For FY2020, there are 223 employees from executive and non-executive levels attended a total of 11 training courses (7 internal and 4 external) with a total duration of 53 training hours, comprising technical certifications, financial reporting, statutory compliances, safety and health, and soft skills.

Summary of trainings/courses attended by employees as of 31 December 2020:

No.	Training/Course Title	No. of Participants
<b>Internal</b>		
1	Pest Awareness Training	52
2	HACCP Awareness Training	20
3	Food Handling	52
4	ISO 45001:2018 Interpretation, Documentation and Implementation	28
5	Forklift Training (Theory)	11
6	Forklift Training (Practical)	11
7	Anti-Bribery and Corruption Workshop	43
<b>External</b>		
8	Section 17A of the MACC Act 2009 (Amendment 2018)	2
9	Applications of Molecular Food Diagnostics	2
10	National Hearing Conservation Conference	1
11	Minister's Dialogue with Water Industry 'New Directions and New Strategies'	1
<b>Total Participants</b>		<b>223</b>

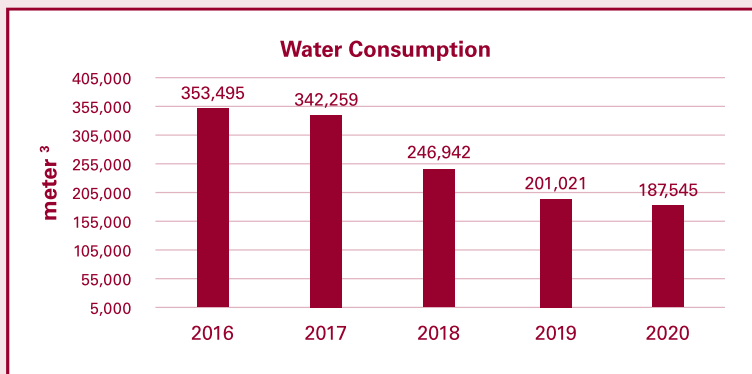
We deem workplace satisfaction and teamwork as equally important as training and skills development. Cocoland fosters bilateral communication to enhance workplace collaboration as well as improve employees' problem-solving skills and enhance their interpersonal skills. The annual dinner is an important event in the Group's calendar in which colleagues can socialise while giving a sense of collegiality and teamwork. For the year under review, the annual dinner was held on 23 January 2020 at the Group's premises with employees voluntarily contributing their time and effort in organising it.

## 2. ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

Conservation initiatives are implemented where applicable for resources such as water, energy and product packaging as the Group is aware of how the use of such resources impacts the environment. The corporate office is at the forefront of conserving energy while on the factory floor, management is always looking for more efficient and environmentally friendly production processes.

### 2.1 Water Consumption & Management

Our consolidated data on water usage showed that the Group's three manufacturing plants, one warehouse and offices consumed 187,545m<sup>3</sup> in 2020 as compared to 307,119m<sup>3</sup> of purchased water since tracking of water usage started in 2014. The Group continues to explore different ways to achieve efficiency and optimisation of water usage for different departments.



### 2.2 Wastewater Treatment

Cocoaland is committed to ensure that wastewater generated from the production site discharged into the drainage system is clean. The Group's wastewater treatment totaled 14,976m<sup>3</sup> as at 31 December 2020 compared to 34,243m<sup>3</sup> in year 2019.

Water samples from the Group's three main wastewater treatment plants ("WWTP") are regularly tested and monitored to ensure that the quality of final water discharged from all WWTPs comply with the parameters of Malaysia Standard A, specified by the Department of Environment Malaysia ("DOE"). DOE has inspected and performed final discharge samplings in Cocoaland's WWTP at Lot 5, Lot 88 & Lot 100. The samples are tested by the Department of Chemistry Malaysia, with the parameters tested including Biological Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD") and Oil & Grease. Based on results, all Cocoaland's WWTPs comply with Malaysia Standard A.

Malaysia Standard A	
COD	<80 ppm
pH	6.50m – 9.50m
TSS	<50 ppm
BOD	<20 ppm
Oil & Grease	<1 ppm
Formaldehyde	< 1 ppm

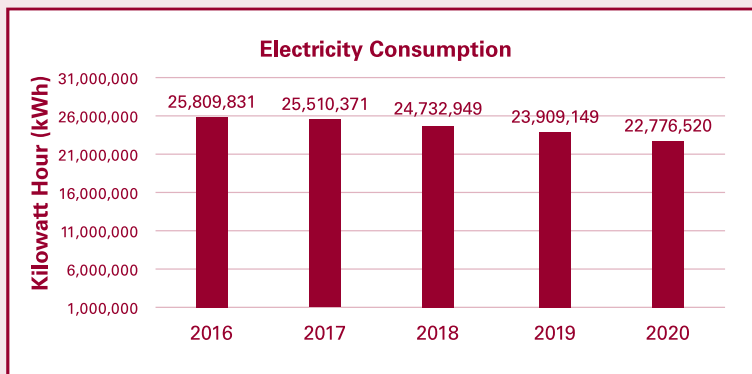
The Group's WWTPs' system efficiency has improved significantly since the establishment of the Industrial Effluent Treatment System ("IETS") division under the SHE department in 2017. The average COD for WWTPs in 2020 are as below:

## sustainability statement (cont'd)

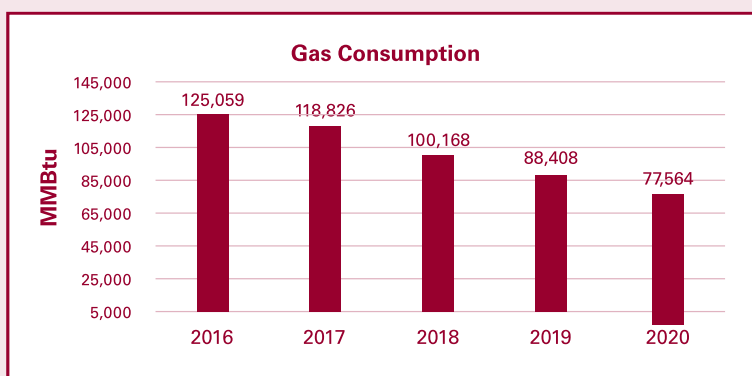
Average COD (PPM)		
	2019	2020
Lot 5	24	20
Lot 88	20	19
Lot 100	22	20

### 2.3 Energy Consumption & Management

With energy usage having profound implications on the environment, the Group is committed to reduce its carbon footprint through sound energy management to address energy conservation and energy efficiency matters. All unnecessary lights and other unnecessary receptacle loads after office hours and during lunch hours are switched off where possible. Further, the Light Emitting Diodes ("LED") are being used for energy saving.



Consolidated electricity consumption of all premises from year 2016 to 2020



Consolidated gas consumption of all premises from year 2016 to 2020

### 2.4 Paper Consumption & Management

In line with the commitment to reduce carbon footprints, the Group has encouraged its employees to fully maximise the benefits of the electronic environment for communication and only print hard copies when necessary. As an added measure, the Human Resources and Administration Department monitors paper requisition by departments.

## sustainability statement (cont'd)

Year	Total Reams
2018	1,950
2019	1,880
2020	1,600

## 2.5 Waste Management

The Group's operations continue to comply with Malaysia's Food Regulations 1985. This policy is properly communicated to all employees that we do not re-use any ingredient in the manufacturing process, and scrap materials are segregated before disposal.

All recyclable items such as plastics, metal, paper, cartons, oil, rejected food items and others are sorted according to their type categories and collected by scrap vendors for recycling purposes. In 2020, a total of 649,050 kilograms of scrap material were sold to these vendors.

Scrap Sold / Recycled	
Year	Volume (Kg)
2018	903,030
2019	699,914
2020	649,050

## 3. SOCIAL SUSTAINABILITY PERFORMANCE

### 3.1 Ethics and Integrity

We believe that business should be conducted in an ethical and transparent way throughout from supply chain to customer service which reflects the values of the Group. Apart from the Code of Ethical Business Conduct and Whistleblowing Policy, the Group has established an Anti-Bribery and Corruption ("ABC") Policy that sets out the Board's commitments, expectations and principles to contain acts of bribery and corruption in the Group's operations.

Through the Risk Steering Committee, an Anti-Bribery and Corruption Working Group had been established to further establish policies and procedures for regulating the employees' and agents' acts for giving and accepting benefits to/from any person. As of 31 December 2020, the Group notes that there were no reportable cases relating to whistleblowing, and the Group's operation is run under strict compliance of endorsed ABC Policy.

### 3.2 Occupational Safety and Health

The Group endeavours to ensure our employees work in a safe and healthy environment. Not only does it benefit the well-being of our employees, but it also ensures the Group's productivity which is crucial during these challenging times. We have implemented guidelines and regulations to prevent, reduce and address occupational injuries as well as to stem the spread of Covid-19.

The Group ran a Noise Risk Assessment for selected workers in all factories so as to comply with the OSH (Noise Exposure) 2019 between 13 January and 20 January 2020. An Audiometric Testing for select workers was held also on 24 and 25 September 2020 followed by the Noise Risk Assessment. A fire drill was organised for Maintenance, Store and WWTP workers on 2 September 2020. This trained our workers on the adequate course of action that shall be taken during an emergency.

## sustainability statement (cont'd)

As part of our fight to curb the spread of Covid-19, the Group continues to enforce safe distancing measures and we embrace telecommuting arrangements for employees who can effectively fulfill their roles doing so. Other efforts include the provision of face masks and hand sanitisers to employees, and to actively promote the wearing of face masks at all times. Any suspicion of an infection is actively monitored and the employee will be sent for screening if deemed necessary.

### 3.3 Community

Amidst of Covid-19 Pandemic, the Group's yearly community program was inevitably affected by social distancing rules imposed by Government of Malaysia. However, the Group continued to reach out to the community by sponsoring Kota Kemuning's SJKC Khe Beng, SK Bandar Baru Rawang and SJKC Chi Man for their schools' event with Cocoaland's products on 22 February, 23 February 2020 and 27 December 2020 respectively.

Aside from this, the Group also sponsored the products to Yayasan Food Bank Malaysia for helping the victims who were affected by the flood disaster in the month of December 2020. As on 31 December 2020, we contributed RM15,948 worth of products to primary schools and non-profit & non-government organisation.

The contribution details by category are as listed below:

No.	Receiver by Categories	Value (RM)
1	Primary schools	1,819
2	Non-Profit & Non-Government Organisation	14,129
	<b>Total Contribution</b>	<b>15,948</b>

Given the ever-evolving business and operating landscape, the Group will continue to monitor and develop sustainable strategies while ensuring that all our business decisions are made in accordance with the EES principles across the value chain, from raw materials to the consumer.

# Corporate Governance Overview Statement

The Board of Directors (“the Board”) is committed in ensuring good corporate governance is practiced throughout the Group as a fundamental part of discharging its fiduciary responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

The Board is pleased to disclose below the Company’s application of the Principles of the Malaysian Code on Corporate Governance (“MCCG”) throughout the financial year ended 31 December 2020 (“FYE 2020”).

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board’s main roles are to create value for shareholders and provide leadership to the Group. It is primarily responsible for the Group’s overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

- (i) Ensuring that the Group’s goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;
- (ii) Establishing policies for strengthening the performance of the Group including ensuring that management is proactively seeking to build the business through innovation initiative, technology, new products and the development of its business capital;
- (iii) Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- (iv) Appointing the Managing Director/Executive Director, including setting the relevant terms and objectives and where necessary, terminating his employment with the Group;
- (v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;
- (vi) Appointing board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees’ deliberations and reports;
- (vii) Ensuring that the statutory financial statements of the Company and Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in unbiased and understandable financial statements;
- (viii) Ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management;
- (ix) Ensuring that the Group adheres to high standards of ethics and corporate behavior in accordance with the Group’s Code of Conduct and Ethics including transparency in the conduct of business;
- (x) Ensuring that the Group’s Whistleblowing Policy to provide an independent feedback channel through which staff may, in confidence and in good faith, raise concerns about possible improprieties in matters of financial reporting and other matters.
- (xi) Ensuring that the Group and all its employees adhere to Anti-Bribery and Corruption Policy. The Board will monitor compliance with the Policy and review the Policy regularly to ensure that it continues to remain relevant and appropriate.
- (xii) Reviewing the Board Charter periodically and making it available publicly on the Company’s website including the Terms of Reference (“TOR”) which deals with the respective committees such as Audit and Risk Management Committee, Remuneration Committee and Nominating Committee;

## corporate governance overview statement (cont'd)

- (xiii) Ensuring that there is in place an appropriate corporate disclosure policy and procedure which leverage on information technology for effective and timely dissemination of information which are comprehensive and accurate; and
- (xiv) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

In discharging its duties, the Board is assisted by the Board Committees namely, the Executive Committee, Audit and Risk Management Committee, Remuneration Committee and Nominating Committee. Each Committee operates within its respective defined TOR which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the MCGG.

**A. Executive Committee ("EXCO")**

The EXCO which comprises the Executive Directors, Non-Independent Non-Executive Directors and Head of Departments, assumes some of the responsibilities and functions of the Board, oversees the running of the Group and the implementation of the Board's decisions and policies relating to operational, business development, sales and marketing strategies, financial, risk management, internal controls, sustainability, human resources, credit control and other operational issues.

**B. Audit and Risk Management Committee ("ARMC")**

For details of its composition and activities during the FYE 2020, please refer to the ARMC Report on pages 44 to 45 of this Annual Report.

**C. Remuneration Committee ("RC")**

The RC comprises the following members, a majority of whom are independent directors:-

Members	Designation
Dato' Azman bin Mahmood	Chairman - Independent Non-Executive Director
Tan Sri Dato' Sri Koh Kin Lip	Member - Senior Independent Non-Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Member - Independent Non-Executive Director
Soh Swee Hock @ Soh Say Hock	Member - Non-Independent Non-Executive Director

The RC reviews and reports to the Board on remuneration and personnel policies, compensation and benefits programmes with the aim to attract, retain and motivate individuals of the highest quality. The remuneration should be aligned with the business strategy and long-term objectives of the Company, and to reflect the Board's responsibilities, expertise and complexity of the Group's activities. The RC shall be appointed by the Board and shall comprise exclusively non-executive directors with a majority of independent directors.

The remuneration package of each Executive Director is structured to reflect his experience, performance and scope of responsibilities. The remuneration of Non-Executive Directors are in the form of annual fees which are approved by the shareholders at annual general meeting. Where applicable, the Board also takes into consideration any relevant information from survey data.

In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel. During the FYE 2020, the RC convened two (2) meetings and full attendance of the members were recorded at the meeting. The TOR of the RC are available for reference at [www.cocoaland.com](http://www.cocoaland.com)

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2020 are categorised as follows:

## corporate governance overview statement (cont'd)

Group	Salaries, emoluments and statutory contribution and Other benefits				
	Fee RM'000	contribution <sup>(i)</sup> RM'000	Bonuses RM'000	benefits <sup>(ii)</sup> RM'000	Total RM'000
<b>Non-Executive Directors:</b>					
Dato' Azman bin Mahmood	96	-	-	3	99
Tan Sri Dato' Sri Koh Kin Lip	66	-	-	5	71
Chow Kee Kan @ Chow Tuck Kwan	60	-	-	5	65
Lim Yew Hoe	42	-	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
<b>Executive Directors:</b>					
Liew Fook Meng	36	1,344	264	5	1,649
Lau Kee Von	36	1,344	272	2	1,654
Lau Pak Lam	36	1,374	272	2	1,684
Lau Kim Chew	36	1,233	243	2	1,514
Tai Chun Wah	36	1,106	203	5	1,350
<b>Total</b>	<b>486</b>	<b>6,401</b>	<b>1,254</b>	<b>36</b>	<b>8,177</b>

Company	Salaries, emoluments and statutory contribution and Other benefits				
	Fee RM'000	contribution <sup>(i)</sup> RM'000	Bonuses RM'000	benefits <sup>(ii)</sup> RM'000	Total RM'000
<b>Non-Executive Directors:</b>					
Dato' Azman bin Mahmood	96	-	-	3	99
Tan Sri Dato' Sri Koh Kin Lip	66	-	-	5	71
Chow Kee Kan @ Chow Tuck Kwan	60	-	-	5	65
Lim Yew Hoe	42	-	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
<b>Executive Directors:</b>					
Liew Fook Meng	36	-	-	5	41
Lau Kee Von	36	-	-	2	38
Lau Pak Lam	36	-	-	2	38
Lau Kim Chew	36	-	-	2	38
Tai Chun Wah	36	-	-	5	41
<b>Total</b>	<b>486</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>522</b>

**Notes:**

(i) Emoluments comprised provision of company motor vehicle, petrol allowance, insurance and phone bill. Statutory contribution comprised EPF.

(ii) Other benefits comprised meeting allowance.

The Board has chosen to disclose the remuneration of the top (3) senior management staff in bands instead of named basis as the Board considered the information of the remuneration of these staff to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staffs are deemed appropriately served by the above disclosures.

The number of top (3) senior management staff whose total remuneration falls within the following bands are:

Range of Remuneration	Number of Senior Management Staff
RM800,001 – RM850,000	1
RM850,001 – RM900,000	1
RM901,000 – RM1,000,000	1



## corporate governance overview statement (cont'd)

### D. Nomination Committee ("NC")

The NC is delegated the responsibility to ensure a formal and transparent procedure for the appointment of new directors to the Board. The NC will review and assess the proposed appointment of new directors, and there upon make the appropriate recommendations to the Board for approval.

In addition, the NC is also responsible for reviewing candidates for appointment to the Board Committees and making appropriate recommendations to the Board for approval. It is also tasked with assessing the competencies and effectiveness of the Board, the Board Committees and the performance of individual directors in ensuring that the required mix of skills and experience are present on the Board.

The NC is appointed by the Board and consists entirely of Independent Non-Executive Directors. It comprises the following members:-

Members	Designation
Chow Kee Kan @ Chow Tuck Kwan	Chairman - Independent Non-Executive Director
Dato' Azman bin Mahmood	Member - Independent Non-Executive Director
Tan Sri Dato' Sri Koh Kin Lip	Member - Senior Independent Non-Executive Director

Among others, the duties and responsibilities of NC are as follows:-

- (i) Assess the effectiveness of the Board, Board Committees and the contribution of each director, taking into consideration the required mix of skills, knowledge and expertise and experience and other requisite qualities including core competencies contributed by Non-Executive Directors. All assessment and evaluation are properly documented.
- (ii) Review and recommend the re-election of Directors who retire by rotation.
- (iii) Assess the independence and recommend the retention of Independent Non-Executive Directors.
- (iv) Identify, select and recommend to the Board, candidates for directorships of the Company.

During the financial year, the NC convened one (1) meeting with full attendance of its members and carried out the following activities:-

- (i) Discussed and reviewed the Practices in the MCCG, the status of application by the Company of the Practices and the proposed action to be taken, if any;
- (ii) Reviewed and recommended the re-election of Members of the Board who are retiring at the AGM for shareholders' approval, pursuant to the Constitution of the Company;
- (iii) Assessed the annual effectiveness of the Board as a whole, the committees of the Board, the contribution of each individual director, including independent non-executive directors;
- (iv) Assessed the independence of independent directors and recommended their retention.

Based on the annual assessment, the NC is generally satisfied that they have been effective in their overall discharge of functions and duties and their ability to act in the best interest of the Company. The NC is also of the opinion that the Board and the Board Committees' compositions were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well defined and set out in the Board Charter. The criteria in the Listing Requirements of Bursa Securities that at least one (1) of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the Listing Requirements of Bursa Securities is met.

The TOR of the NC are available for reference at [www.cocoaland.com](http://www.cocoaland.com)

### Roles of the Chairman and Executive Directors

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board

## corporate governance overview statement (cont'd)

and overall conduct of the Board. The Executive Directors are responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

### **Role of the Company Secretaries**

The Company Secretaries are responsible for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretaries will also advise the Board on any new statutory requirements, guidelines and listing rulings relating to corporate governance as and when it arises.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business.

### **Access to Information and Advice**

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction. The EXCO also holds meeting every quarterly with the operating heads to deliberate on the performance of the Group, sales, marketing development and strategies, operational, internal controls, regulatory and statutory matters pertaining to the Group.

The Board members have access to the advice and services of the Company Secretaries and senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and responsibilities at the Company's expense.

### **Board Charter**

The Board Charter sets out the roles and processes of the Board and is to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

The Board Charter shall be reviewed by the Board as and when required to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.

The Board Charter is published on the Company's website at [www.cocoaland.com](http://www.cocoaland.com)

## corporate governance overview statement (cont'd)

### **Code of Conduct and Ethics for Directors**

The Group's Codes of Conduct and Ethics ("the Code") govern the standards of conduct and behaviour expected from the Directors and the employees in all aspects of the Group's operations. To ensure its compliance with the Code, the Board and the Senior Management will ensure all level of officers are properly communicated and informed through emails, notice board or corporate website. The Code is published on the Company's website at [www.cocoaland.com](http://www.cocoaland.com).

### **Whistleblowing Policy**

The Group has adopted a whistleblowing policy and procedure that will allow employees and any external stakeholders to report cases in relation to breach of any legal obligation of the Group.

The Whistleblowing Policy is published on the Company's website at [www.cocoaland.com](http://www.cocoaland.com)

### **Anti-Bribery and Corruption Policy**

The Group has established and implemented policies and procedures to prevent corruption practices. The corruption risk is included in the annual risk assessment of the Group.

The Anti-Bribery and Corruption Policy is published on the Company's website at [www.cocoaland.com](http://www.cocoaland.com)

### **Board Composition and Independence**

The Board currently has ten (10) members, comprising three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and five (5) Executive Directors. The Chairman of the Board is an Independent Non-Executive Director. The current composition of the Board is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities.

The Independent Non-Executive Directors do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

### **Tenure of Independent Directors**

The Company has implemented a cumulative nine (9)-year term limit for Independent Directors. The Board has adopted Practice 4.2 of the MCCG to seek shareholders' approval in the event the Board desires to retain as an independent director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board must seek shareholders' approval annually through a two (2)-tier voting process.

Dato' Azman Bin Mahmood and Mr. Chow Kee Kan @ Chow Tuck Kwan who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, whereas Tan Sri Dato Sri Koh Kin Lip has served as Independent Non-Executive Director of the Company for a cumulative term of more than eleven (11) years. Following an assessment by the NC and the Board, the three Directors have been recommended by the Board to continue to act as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company, based on the following jurisdictions:-

- They fulfill the criteria under definition on independent director as stated in the Listing Requirements of Bursa Securities; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;

## corporate governance overview statement (cont'd)

- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company for more than 9 years and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

### Appointments and Re-elections to the Board

Candidates for appointment to the Board as Independent Directors are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are first evaluated by the NC and, if recommended by the NC, subsequently, by the Board based on their respective profiles as well as their character, integrity, professionalism, independence and their ability to commit sufficient time and energy to the Company's matters. Prior to consideration by the Board, the candidate is also required to declare his state of health, financial condition and furnish details of any subsisting legal proceedings in which he is a party.

Rule 131 of the Company's Constitution provides that one-third (1/3) of the Directors for the time being, shall retire from office by rotation every year. Rule 116 of the Company's Constitution provides that any newly appointed Director, shall hold office only until the next following AGM of the Company and shall be eligible for election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

The following Directors are up for retirement at the forthcoming AGM of the Company and have offered themselves for re-election at the said AGM:

- (i) Tan Sri Dato' Sri Koh Kin Lip
- (ii) Mr. Lau Kim Chew
- (iii) Mr. Tai Chun Wah

### Gender Diversity Policy

The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. There is no plan by the Board to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

### Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board and the Board Committees have the requisite competencies and capacity to effectively oversee the overall business and carry out their respective responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement. A Board Skills Matrix Form is also used as a general assessment of the composition, knowledge, skills and experience of the current Board.

The annual evaluation of the individual Director/Board Committee member are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, caliber and personality.

## corporate governance overview statement (cont'd)

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

**Meetings and Time Commitment**

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on four occasions; where it deliberated on matters such as the Group's financial results, strategic decisions, business plan, and strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting and various Committees' Meeting for the financial year ended 31 December 2020 is contained in the table below:-

Board Members	Attendance
Dato' Azman bin Mahmood	4/4
Tan Sri Dato' Sri Koh Kin Lip	4/4
Liew Fook Meng	4/4
Lau Kee Von	4/4
Lau Pak Lam	4/4
Chow Kee Kan @ Chow Tuck Kwan	4/4
Lim Yew Hoe	4/4
Soh Swee Hock @ Soh Say Hock	4/4
Lau Kim Chew	4/4
Tai Chun Wah	4/4

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2020. All the Directors do not hold directorships more than that prescribed under the Listing Requirements of Bursa Securities.

**Directors' Training**

The Directors also made time to attend appropriate external training programs to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the Listing Requirements of Bursa Securities, the details of which are set out below:

Name	List of Training / Conference / Seminar / Workshop Attended	Date
Tan Sri Dato' Sri Koh Kin Lip	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2020	7 September 2020
Liew Fook Meng	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2020	7 September 2020
Lau Kee Von	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2020	7 September 2020
Lau Pak Lam	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2020	7 September 2020

## corporate governance overview statement (cont'd)

Tai Chun Wah	<ul style="list-style-type: none"> <li>Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018</li> <li>Joint Cocoaland Holdings Berhad And Fraser &amp; Neave Holdings Berhad Directors' Continuing Education Programme 2020</li> </ul>	21 January 2020 7 September 2020
Chow Kee Kan @ Chow Tuck Kwan	<ul style="list-style-type: none"> <li>Joint Cocoaland Holdings Berhad And Fraser &amp; Neave Holdings Berhad Directors' Continuing Education Programme 2020</li> <li>Auditor's Report, Audit Modifications, Going Concern and Other Matters Paragraph</li> <li>Audit Completion Stage and Auditing Disclosures with Special Emphasis on Covid-19 Audit Procedures and Disclosures</li> <li>2021 Budget Seminar</li> </ul>	7 September 2020 23 November 2020 24 November 2020 3 December 2020
Lim Yew Hoe	<ul style="list-style-type: none"> <li>Leading Courageously in Crisis.</li> <li>Mental Health at Remote Workplace: Developing Resilience during Covid-19</li> <li>Governance and Risk: An Uncertain World, A Riskier Landscape</li> <li>Joint Cocoaland Holdings Berhad And Fraser &amp; Neave Holdings Berhad Directors' Continuing Education Programme 2020</li> <li>Thaibev Group Conference 2020 "From Vision 2020 to Passion 2025"</li> <li>Qualtrics XM (Experience Management) Live</li> <li>3rd ESG Summit – Webinar Series: Part 1 - The Day After ....</li> <li>3rd ESG Summit – Webinar Series: Part 2 – Risk and Governance</li> </ul>	15 April 2020 28 April 2020 30 April 2020 7 September 2020 30 September 2020 20 November 2020 3 December 2020 9 December 2020
Soh Swee Hock @ Soh Say Hock	<ul style="list-style-type: none"> <li>Joint Cocoaland Holdings Berhad And Fraser &amp; Neave Holdings Berhad Directors' Continuing Education Programme 2020</li> </ul>	7 September 2020
Lau Cheng Yew	<ul style="list-style-type: none"> <li>Joint Cocoaland Holdings Berhad And Fraser &amp; Neave Holdings Berhad Directors' Continuing Education Programme 2020</li> </ul>	7 September 2020
Lau Kim Chew	<ul style="list-style-type: none"> <li>Joint Fraser &amp; Neave Holdings Berhad And Cocoaland Holdings Berhad Directors' Continuing Education Programme 2020</li> </ul>	7 September 2020

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****Suitability and Independence of External Auditors**

The external auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will have a separate session with the external auditors without the presence of the Executive Directors and Management.

The external auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

**Sound Risk Management Framework**

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

## corporate governance overview statement (cont'd)

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

### Internal Audit Function

The internal auditors perform its functions with impartiality, proficiency and due professional care. It undertakes regular monitoring of the Group's key controls and procedures, which is an integral part of the Group's system of internal control.

The internal audit reports are presented to the ARMC for its review and deliberation. The ARMC will be briefed on the progress made in respect of each recommendation, and of each corrective measure taken as recommended by the audit findings. The internal auditors report directly to the ARMC to ensure independency.

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented on pages 41 to 43 of this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Compliance with Applicable Financial Reporting Standards

The Board is assisted by the ARMC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure that the financial statements of the Group and the Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual audited financial statements.

A Statement by the Board of its responsibilities in respect of the preparation of the annual audited financial statements is set out on page 39 of this Annual Report.

### Investors Relations and Shareholders Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's corporate website.

The AGM provides the principal platform for dialogue and interactions with the shareholders. At every meeting, the Chairman sets out the performance of the Group for the financial year then ended. Question and Answer session will then be convened wherein the Directors, company secretaries and the external auditors will be available to answer to the queries raised by the shareholders.

Voting at the forthcoming AGM will be conducted by poll as poll voting reflects shareholders' views more accurately and fairly as every vote is properly counted in accordance with the one share, one vote principle. The Company will continue to explore the deployment of technology to enhance the quality of engagement with shareholders and further facilitate greater participation by shareholders at general meetings of the Company.

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website [www.cocoaland.com](http://www.cocoaland.com)

# Statement Of Directors' Responsibility

## In Relation To The Financial Statements

The Directors are required to prepare financial statements of the Group and of the Company in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 ("the Act") and pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to ensure that the financial statements give a true and fair view of the state of affairs, the results and the cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible to ensure that proper accounting and other records are kept to ensure that financial statements comply with the Act as well as taking reasonably available steps to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board dated 30 April 2021.



# Additional Compliance Information

## 1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2020.

## 2. Audit and Non-Audit Fees

The total amount of audit fees paid or payable to the external auditors by the Company and Group during the financial year ended 31 December 2020 were RM20,000 and RM129,105 respectively.

The non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company during the financial year ended 31 December 2020 were RM5,000.

## 3. Material Contracts

There were no material contracts entered into by the Company and / or its subsidiary companies involving the interests of Directors and major shareholders, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

## 4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

The RRPTs of the Group have been entered into in the normal course of business. Further details of the RRPTs of a revenue or trading nature conducted during the financial year are disclosed in page 99 to 100 of the financial statements of the 2020 Annual Report.

Please refer to Part A, Section 2.2 of the Circular to Shareholders dated 25 May 2021 on the name of the related parties and the Company's relationship with the related parties.

## 5. Employee Share Grant Scheme

The Company established an Employee Share Grant Scheme on 3 November 2017 serves to reward eligible employees through the award of the Company shares purchased and held as treasury shares under the share buy-back without any consideration payable by the eligible employees, subject to the eligible employees fulfilling vesting conditions.

Further details please refer to Note 28 and Note 37 disclosed in pages 100 and 113 of the financial statements of the 2020 Annual Report.

# Statement On Risk Management And Internal Control

## INTRODUCTION

Pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market, the Board of Directors of Cocoaland Holdings Berhad is pleased to present the Statement on Risk Management and Internal Control of the Group and its subsidiaries for the financial year ended 31 December 2020 and up to the date of approval of this statement with reference to the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.

## BOARD RESPONSIBILITY

The Board acknowledges and upholds the responsibility in maintaining the effective risk management and a sound internal control system and believes that these are the keystone to form a good Corporate Governance. The aim of effective risk management and sound internal control system is to enhance the shareholders' value through the balance between risk and growth as well as to ensure the achievement of Group's business objectives.

The Board has set a tone and shape the Group's business operation with an emphasis on adequacy and effectiveness of risks management and internal control. The control structure has been established for identifying, evaluating and monitoring the key business risks which encountered by the Group along the way to achieve the business goals and objectives. The control structure is reviewed and updated on timely basis to align with the changes in the business environment.

In view of inherent limitations in the established system of risk management and internal control, it can only provide reasonable assurance rather than completely eliminate the material misstatements of management, fraud or losses and unforeseen emerging risks.

## RISK MANAGEMENT

The Board has delegated the responsibility of overseeing the effectiveness of risk management to the Audit and Risk Management Committee ("ARMC"). The effectiveness of the risk management system is monitored and evaluated by the Risk Steering Committee ("RSC"), on an on-going basis.

The members of the RSC comprise of Executive Director who assisted by the Accountant and Quality Compliance Manager. Besides, the RSC also participated by other Executive Directors, Non-Executive Directors and Heads of Departments to enhance the effectiveness of the risk management oversight and add impetus to the risk management process.

The risk management meetings are held twice annually to update the key business risks identified and monitor the risks recorded in the Group's risk register. Heads of Departments are accountable to the risks identified from the risk management process. The mitigation plans of the evolving risks must be updated and communicated to the Board. The score will be assigned in accordance with the potential financial impacts and likelihood of the risk encountered. It ensures the risks are addressed adequately within the Group's tolerance.

The Group's Risk Management Policy and Framework are reviewed and updated to benchmark against the ISO:31000 Risk Management Principles and Guidelines. The risk assessment performed is further enhanced by adoption of ISO:9001: 2015 Quality Management System Guidelines to ensure effectiveness of Group's enterprise risk management system.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm. The assessment of the internal control system is carried out based on the internal audit plan approved by ARMC. The follow-up of pending audit issues is carried out also to assure the recommended action plan is implemented accordingly before

## statement on risk management and internal control (cont'd)

presenting the internal audit report to the ARMC quarterly. The results and recommendation of the assessment of internal control system are discussed in the ARMC meetings.

### Key elements of internal control:

- 1) A well-defined organisation structure with clear delegation of responsibilities and accountability has been established within the Group. The proper segregation of duties was taken place and practiced throughout the Group's business operation.
- 2) The clearly defined responsibilities and delegation of authorities within the Group were recorded and approved in the Chart of Authority. The setting of responsibilities and authorities were undertaken by the Board with the Management.
- 3) The management meetings were scheduled across the financial year. The objective of these regular meetings is to discuss and review the business plans, group budget, financial and operational performance of business units. The annual budget was prepared by management from all business units in annual basis and tabled to the Board for approval.
- 4) All quarterly financial results were reviewed by the ARMC and approved by the Board before releasing to Bursa Securities.
- 5) The Code of Ethical and Business Conduct and Anti-Bribery and Corruption Policy were established and all employees are obligated to abide. The Policy is available publicly on the Company's website.

In accordance with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018) which enforced on 1 June 2020, the Adequate Procedures have to be complied with. The Group's corruption risk assessment and improvements were undertaken in compliance with the recommended Adequate Procedures.

- 6) The Whistle-Blowing Policy was established to ensure that the corporate culture of integrity, transparency and accountability are upheld across the Group. This policy provides a channel to employees and stakeholders to raise genuine concerns without fear of reprisals. The outcome of the whistle-blowing report was presented at the ARMC meetings on quarterly basis. The policy is available publicly on the Company's website.
- 7) The Operational Committee ("OC") was established to build the connection and communication channel between management and operations activities. This committee comprises of Executive Directors, Heads of departments and Factory Managers. The meeting is held on monthly basis to discuss the issues raised in respect of the operating activities.
- 8) The Group's quality and internal control policies and procedures were documented under document control management. Distribution system was established which enables the effective and efficient circulation and communication of these policies to all levels of workforce.
- 9) The recruitment policies and procedures were approved and established to ensure that right talents are selected for the available positions. Proper guidelines are also available for promotion and termination of staffs.
- 10) All staffs performance was assessed through annual appraisal via key performance indicators. The result of assessment is integrated in Group's career development and succession plan.
- 11) An Enterprise Resource Planning ("ERP") system was established to ensure all business transactions are accounted in the system which facilitates the preparation of financial statements in monthly, quarterly and

## statement on risk management and internal control (cont'd)

yearly basis. A backup system is in place to ensure all recovery of data and information is available in the event of untoward incidents.

### **ASSURANCE FROM MANAGEMENT**

The Board has received a letter of assurance dated 16 February 2021 from the Executive Director and Finance Director that the Group's risk management and internal control system was operating adequately throughout the financial year.

### **REVIEW OF STATEMENT BY EXTERNAL AUDITORS**

In accordance with the Audit and Assurance Practice Guide 3 issued by the Malaysian Institute of Accountants, it does not require the external auditors to form an opinion in respect of the adequacy and effectiveness of the risk management and internal control system.

The external auditors have reviewed this Statement on Risk Management and Internal Control. With reference to the paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report is not prepared in all material aspects.

### **CONCLUSION**

This Statement on Risk Management and Internal Control was made in accordance with a Board of Directors' resolution dated 30 April 2021.

# Report On Audit & Risk Management Committee

The Board of Directors is pleased to present the report of the Audit & Risk Management Committee ("ARMC") for the financial year ended 31 December 2020.

## MEMBERSHIP AND MEETINGS

### Members

Chow Kee Kan @ Chow Tuck Kwan – Chairman, Independent Non-Executive Director  
 Tan Sri Dato' Sri Koh Kin Lip – Member, Senior Independent Non-Executive Director  
 Lim Yew Hoe – Member, Non-Independent Non-Executive Director

During the financial year 2020, the ARMC comprised of three (3) members, all of whom are non-executive directors with a majority of them being independent directors. The ARMC Chairman is an Independent Non-Executive Director. The current composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The details of the terms of reference of the ARMC are available for reference at [www.cocoaland.com](http://www.cocoaland.com)

### Meetings and Attendance

A total of four (4) ARMC meetings were held during the financial year 2020. At the invitation of the ARMC, the Executive Directors and Internal Auditors attended the meetings. The Group's External Auditors attended two of the meetings where they were invited to discuss matters related to the statutory audit for the financial year 2020. The ARMC also had private discussions with the External Auditors without the presence of the Executive Directors. The attendance of each member at the ARMC meetings is as follows:-

Members	Attendance
Chow Kee Kan @ Chow Tuck Kwan	4/4
Tan Sri Dato' Sri Koh Kin Lip	4/4
Lim Yew Hoe	4/4

## SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

In line with the ARMC Terms of Reference, the following activities were carried out during the financial year:-

1. Reviewed the unaudited quarterly financial statements of the Group, focusing particularly on the financial reporting and compliance with the disclosure requirements prior to making recommendation to the Board for consideration and approval;
2. Reviewed the related party transactions entered into by the Group;
3. Reviewed and approved the risk-based Internal Audit Plan;
4. Received and deliberated on the Internal Audit Reports incorporating the Internal Auditors' findings, recommendations and the Management's responses thereto;
5. Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions;
6. Reviewed the Risk Management Report;
7. Reviewed the external auditors' scope of work and audit planning memorandum;
8. Reviewed the Audited Financial Statements, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from audit or unusual events, the going concern assumption and compliance with the accounting standards and other requirements, prior to making recommendation to the Board for consideration and approval;
9. Considered the re-appointment of the external auditors and make recommendation to the Board for approval;

## report on audit & risk management committee (cont'd)

10. Reviewed the ARMC Report and Statement on Risk Management and Internal Control, prior to making recommendation to the Board for its approval; and
11. Reported to the Board on significant issues and concerns discussed during the ARMC meetings.

### INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Board recognises that an internal audit function is essential to ensuring the effectiveness of the Group's system of internal control, risk management and overall governance process. The internal audit function of the Group is being outsourced to an independent professional firm, CGRM Infocomm Sdn Bhd ("CGRM"). CGRM reports directly to the ARMC on a quarterly basis by presenting the internal audit plans and reports.

The following activities were carried out by the Internal Auditors during the financial year.

1. Periodically reviewed and revised the 36-month risk-based internal audit plan for the approval of the ARMC prior to its adoption;
2. Incorporated suggestions made by the ARMC and Management on concerns over operations or controls and significant issues pertinent to the Group into the audit planning;
3. Reviewed and appraised the adequacy and effectiveness of the Group's internal control systems covering the following areas:-
  - Safety, Health & Environment
  - Production Planning Management in Chocolate Factory
  - Production – Food Safety Management in Chocolate Factory
  - Logistics Management re Export (Finished Goods)
  - Production Machinery & Equipment Maintenance Management
  - Facilities Maintenance Management
  - Quarterly Related and Recurrent Party Transactions
4. Issuance of IA reports and the presentation of audit findings and recommendations for improvement and corrective action taken by Management;
5. Conducted follow-up reviews to ensure Management had taken corrective actions on the audit findings;
6. Prepared and presented periodic summary of internal audit findings and status reports

CGRM referred to the International Professional Practices Framework of the Institute of Internal Auditors and used a risk-based approach in the audit planning.

For the financial year ended 31 December 2020, the cost incurred for outsourcing of internal audit function was RM72,525.

### PERFORMANCE OF THE ARMC

The performance of the ARMC was assessed through self-evaluation. The results of the self-assessment were documented and assessed by the Nomination Committee prior to presentation to the Board for review. During the financial year ended 31 December 2020, the Board is satisfied that the ARMC have carried out their duties in accordance with their Terms of Reference.

# FINANCIAL STATEMENTS

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## Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to owners of the Company	20,418,332	19,210,020

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

### TREASURY SHARES

During the financial year, the Company repurchased 2,135,900 ordinary shares of its issued capital from the open market. The average price paid for the shares repurchased was RM1.71 per share. The total consideration paid of the repurchase, including transaction costs, was RM3,663,596. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2020, the Company held 2,135,900 treasury shares out of the total 228,800,000 issued ordinary shares. Further relevant details are disclosed in Note 13 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
An interim single-tier dividend of RM0.08 per ordinary share in respect of the financial year ended 31 December 2020 on 24 December 2020.	18,167,952

The Board of Directors does not recommend a final dividend to be paid in respect of the financial year ended 31 December 2020.



## directors' report (cont'd)

### DIRECTORS

The Directors in office during the financial year until the date of this report are as follows:

Dato' Azman Bin Mahmood  
Tan Sri Dato' Sri Koh Kin Lip  
Liew Fook Meng\*  
Lau Kee Von\*  
Lau Pak Lam\*  
Tai Chun Wah\*  
Chow Kee Kan @ Chow Tuck Kwan  
Lim Yew Hoe  
Soh Swee Hock @ Soh Say Hock  
Lau Cheng Yew (Alternate Director to Lim Yew Hoe)  
Lau Kim Chew\*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Lau Kwai Choon  
Lew Foo Chay @ Lau Foo Chay  
Liew Yoon Kee

*\* Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

### DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

## directors' report (cont'd)

	Number of ordinary shares			At 31.12.2020
	At 1.1.2020	Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct interests:</b>				
Dato' Azman Bin Mahmood	524,444	-	-	524,444
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	-	-	3,318,332
Lau Kee Von	777,366	-	-	777,366
Tai Chun Wah	23,466	-	-	23,466
Lau Kim Chew	260,100	65,800	-	325,900
<b>Indirect interests:</b>				
Tan Sri Dato' Sri Koh Kin Lip <sup>(a)</sup>	3,333,333	-	-	3,333,333
Liew Fook Meng <sup>(b)</sup>	87,046,628	4,390,000	-	91,436,628
Lau Kee Von <sup>(b)</sup>	87,046,628	4,390,000	-	91,436,628
Lau Pak Lam <sup>(b)</sup>	87,046,628	4,390,000	-	91,436,628

(a) Deemed interests by virtue of Section 8(4) of the Companies Act 2016 in Malaysia held through Rickoh Corporation Sdn. Bhd.

(b) Deemed interests by virtue of Section 8(4) of the Companies Act 2016 in Malaysia held through Leverage Success Sdn. Bhd.

By virtue of their interests in the shares of the Company, Liew Fook Meng, Lau Kee Von and Lau Pak Lam are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

#### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 27(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors of the Company were RM5,000,000 and RM7,000 respectively. No indemnity was given to or insurance effected for officers and auditors of the Company.

## directors' report (cont'd)

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

### SIGNIFICANT EVENT

The details of the significant event is disclosed in Note 36 to the financial statements.

### SUBSEQUENT EVENTS

The details of the subsequent events are disclosed in Note 37 to the financial statements.

## directors' report (cont'd)

**AUDITORS**

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 April 2021.

.....  
**LIEW FOOK MENG**  
Kuala Lumpur

.....  
**TAI CHUN WAH**

## Statement By Directors

### Pursuant to Section 251(2) of the Companies Act 2016 in Malaysia

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 April 2021.

.....  
**LIEW FOOK MENG**

.....  
**TAI CHUN WAH**

Kuala Lumpur

# Statutory Declaration

## Pursuant to Section 251(1)(b) of the Companies Act 2016 in Malaysia

I, Tai Chun Wah, (MIA Membership No: 11945), being the Director primarily responsible for the financial management of Cocoaland Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 113 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by            )  
the abovenamed at Kuala Lumpur in the        )  
Federal Territory on 30 April 2021.            )

.....  
**TAI CHUN WAH**

Before me,

**No. W790**  
**ZAINUL ABIDIN BIN AHMAD**

.....  
**Commissioner for Oaths**

# Independent Auditors' Report to the members of Cocoland Holdings Berhad

[Registration No. : 200001013413 (516019-H)] (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Cocoland Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How we addressed the key audit matters
<p><b>Inventory valuation and provision</b></p> <p>The carrying amount of packing materials inventory of the Group as at 31 December 2020 is RM7,984,408. As described in the Accounting Policies in Note 3(k) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of packing materials inventory is an area of significant judgement as there is a risk in estimating the net realisable value of the inventory, as well as assessing which items may be slow-moving or obsolete.</p>	<p>We have checked the effectiveness of controls associated with the existence and condition of inventory by attending inventory counts at year end in all locations.</p> <p>We have identified and assessed a sample of aged and obsolete inventory.</p> <p>We also analysed the level of slow-moving inventory and the associated provision.</p>

## independent auditors' report (cont'd)

Key audit matters	How we addressed the key audit matters
<p><i>Inventory valuation and provision (cont'd)</i> Due to the significance of packing materials inventory and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter.</p> <p>Refer to significant accounting estimates and judgement in Note 2(c) and the disclosures of inventories in Note 8 to the financial statements</p>	<p>We have reviewed the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year.</p> <p>We have assessed the adequacy and reasonableness of the disclosures in the financial statements.</p>
<p><b>Impairment of trade and other receivables</b></p> <p>The Group has material credit exposures in its trade and other receivables amounting to RM40,356,134 as at 31 December 2020. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.</p>	<p>We obtained and evaluated the Group's credit risk policy, and tested the associated processes used by management to assess credit exposures, assign internal credit ratings, and report on these to the appropriate level of governance to ensure they worked as designed.</p> <p>We have developed our understanding of significant credit exposures which were significantly overdue, deemed to be in default, or were on watch through review of credit reports produced by accounts department and analysis of aged receivables.</p> <p>We have reviewed the adequacy of the impairment loss and enquired management regarding the recoverability of the selected receivables that are pass due but not impaired, and reviewed the customers' correspondence, settlement agreement and obtained evidence of cash receipts where these have been recovered.</p> <p>We also assessed the adequacy and reasonableness of the disclosures in the financial statements.</p>

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## independent auditors' report (cont'd)

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## independent auditors' report (cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **UHY**

Firm Number: AF 1411  
Chartered Accountants

### **LIM BEE PENG**

Approved Number: 03307/06/2021 J  
Chartered Accountant

KUALA LUMPUR

30 April 2021

# Statements Of Financial Position

## as at 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	84,030,823	63,037,243	-	-
Investment properties	5	1,569,565	1,637,805	-	-
Right-of-use assets	6	36,718,858	37,795,601	-	-
Investment in subsidiary companies	7	-	-	33,986,734	33,986,734
		<b>122,319,246</b>	102,470,649	<b>33,986,734</b>	33,986,734
<b>Current Assets</b>					
Inventories	8	34,551,255	35,099,064	-	-
Trade receivables	9	34,261,380	48,742,620	-	-
Other receivables	10	6,094,754	21,107,230	1,000	1,000
Amounts due from subsidiary companies	11	-	-	105,805,556	108,414,710
Tax recoverable		2,219,836	1,123,051	17,385	12,840
Deposits, cash and bank balances	12	77,130,154	85,329,726	2	2
		<b>154,257,379</b>	191,401,691	<b>105,823,943</b>	108,428,552
<b>Total Assets</b>		<b>276,576,625</b>	293,872,340	<b>139,810,677</b>	142,415,286
<b>EQUITY</b>					
Share capital	13	130,154,539	130,154,539	130,154,539	130,154,539
Treasury shares	13	(3,663,596)	-	(3,663,596)	-
Reserves	14	121,138,432	118,889,267	12,799,010	11,756,942
<b>Total equity attributable to owners of the Company</b>		<b>247,629,375</b>	249,043,806	<b>139,289,953</b>	141,911,481
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Lease liabilities	15	175,443	265,804	-	-
Deferred tax liabilities	16	4,818,038	5,905,678	-	-
		<b>4,993,481</b>	6,171,482	-	-
<b>Current Liabilities</b>					
Bank borrowings	17	-	5,843,427	-	-
Trade payables	18	15,015,005	20,329,363	-	-
Other payables	19	8,227,407	10,259,832	520,724	503,805
Tax payable		465,108	1,772,467	-	-
Lease liabilities	15	246,249	451,963	-	-
		<b>23,953,769</b>	38,657,052	<b>520,724</b>	503,805
<b>Total Liabilities</b>		<b>28,947,250</b>	44,828,534	<b>520,724</b>	503,805
<b>Total Equity and Liabilities</b>		<b>276,576,625</b>	293,872,340	<b>139,810,677</b>	142,415,286

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

# Statements Of Profit Or Loss And Other Comprehensive Income

for the financial year ended 31 December 2020

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	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	20	216,246,245	254,066,143	20,000,000	25,000,000
Cost of sales		(162,123,714)	(180,470,870)	-	-
<b>Gross profit</b>		<b>54,122,531</b>	73,595,273	<b>20,000,000</b>	25,000,000
Other income	21	7,022,790	10,045,883	-	-
Net gain/(loss) on impairment of financial instruments	23	510,037	577,482	-	(44,968)
Distribution costs		(10,761,093)	(12,663,384)	-	-
Administrative expenses		(23,622,520)	(24,218,407)	(789,980)	(1,119,262)
Finance cost	22	(10,103)	(21,268)	-	-
<b>Profit before taxation</b>	23	<b>27,261,642</b>	47,315,579	<b>19,210,020</b>	23,835,770
Taxation	24	(6,843,310)	(11,583,528)	-	(150)
<b>Profit for the financial year</b>		<b>20,418,332</b>	35,732,051	<b>19,210,020</b>	23,835,620
<b>Other comprehensive (loss)/income:</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Exchange translation differences for foreign operations		(1,215)	1,547	-	-
<b>Other comprehensive (loss)/income for the financial year</b>		<b>(1,215)</b>	1,547	-	-
<b>Total comprehensive income for the financial year</b>		<b>20,417,117</b>	35,733,598	<b>19,210,020</b>	23,835,620
<b>Profit for the financial year attributable to:</b>					
Owners of the Company		20,418,332	35,732,051	19,210,020	23,835,620
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		20,417,117	35,733,598	19,210,020	23,835,620
<b>Earnings per share</b>					
Basic and diluted earnings per ordinary share (sen)	26	8.95	15.62		

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

## Statements Of Changes In Equity for the financial year ended 31 December 2020

Group	Note	Attributable to Owners of the Company				
		Non-Distributable			Distributable	
		Share Capital RM	Treasury Share RM	Exchange Translation Reserve RM	Retained Earnings RM	Total Equity RM
<b>At 1 January 2020</b>		130,154,539	-	189,457	118,699,810	249,043,806
Profit for the financial year		-	-	-	20,418,332	20,418,332
Exchange translation differences for foreign operations		-	-	(1,215)	-	(1,215)
<b>Total comprehensive income for the financial year</b>		-	-	(1,215)	20,418,332	20,417,117
<b>Transactions with owners:</b>						
Shares repurchased	13	-	(3,663,596)	-	-	(3,663,596)
Dividends to owners of the Company:						
- Single tier dividend of RM0.08 each	31	-	-	-	(18,167,952)	(18,167,952)
<b>Total transactions with owners of the Company</b>		-	(3,663,596)	-	(18,167,952)	(21,831,548)
<b>At 31 December 2020</b>		130,154,539	(3,663,596)	188,242	120,950,190	247,629,375

Group	Note	Attributable to Owners of the Company				
		Non-Distributable			Distributable	
		Share Capital RM	Treasury Share RM	Exchange Translation Reserve RM	Retained Earnings RM	Total Equity RM
<b>At 1 January 2019, as previously reported</b>		130,154,539	-	187,910	105,855,470	236,197,919
Effect of adopting MFRS 16		-	-	-	(7,711)	(7,711)
<b>At 1 January 2019, as restated</b>		130,154,539	-	187,910	105,847,759	236,190,208
Profit for the financial year		-	-	-	35,732,051	35,732,051
Exchange translation differences for foreign operations		-	-	1,547	-	1,547
<b>Total comprehensive income for the financial year</b>		-	-	1,547	35,732,051	35,733,598
<b>Transactions with owners:</b>						
Dividends to owners of the Company:						
- Single tier dividend of RM0.10 each	31	-	-	-	(22,880,000)	(22,880,000)
<b>Total transaction with owners of the Company</b>		-	-	-	(22,880,000)	(22,880,000)
<b>At 31 December 2019</b>		130,154,539	-	189,457	118,699,810	249,043,806

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

## statements of changes in equity (cont'd)

Note	← Non-Distributable →		← Distributable →	
	Share Capital RM	Treasury Share RM	Retained Earnings RM	Total Equity RM
<b>Company</b>				
<b>At 1 January 2020</b>	130,154,539	-	11,756,942	141,911,481
Profit for the financial year, representing total comprehensive income for the financial year	-	-	19,210,020	19,210,020
<b>Transactions with owners:</b>				
Shares repurchased	13	(3,663,596)	-	(3,663,596)
Dividends to owners of the Company:				
- Single tier dividend of RM0.08 each	31	-	(18,167,952)	(18,167,952)
<b>Total transactions with owners of the Company</b>		(3,663,596)	(18,167,952)	(21,831,548)
<b>At 31 December 2020</b>	130,154,539	(3,663,596)	12,799,010	139,289,953

Note	← Non-Distributable →		← Distributable →	
	Share Capital RM	Treasury Share RM	Retained Earnings RM	Total Equity RM
<b>Company</b>				
<b>At 1 January 2019</b>	130,154,539	-	10,801,322	140,955,861
Profit for the financial year, representing total comprehensive income for the financial year	-	-	23,835,620	23,835,620
<b>Transactions with owners:</b>				
Dividends to owners of the Company:				
- Single tier dividend of RM0.10 each	31	-	(22,880,000)	(22,880,000)
<b>Total transactions with owners of the Company</b>		-	(22,880,000)	(22,880,000)
<b>At 31 December 2019</b>	130,154,539	-	11,756,942	141,911,481

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

# Statements Of Cash Flows

for the financial year ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>27,261,642</b>	47,315,579	<b>19,210,020</b>	23,835,770
Adjustments for:				
Amortisation of:				
- Investment properties	<b>68,240</b>	102,240	-	-
- Right-of-use assets	<b>1,286,601</b>	1,299,050	-	-
Bad debts written off:				
- trade receivables	<b>430,246</b>	453,115	-	-
Depreciation of property, plant and equipment	<b>8,283,581</b>	9,973,985	-	-
Dividend income from subsidiary company	-	-	<b>(20,000,000)</b>	(25,000,000)
Gain on disposal of property, plant and equipment	<b>(198,634)</b>	(143,995)	-	-
Impairment loss on investment in a subsidiary company	-	-	-	345,434
Impairment loss on trade receivables	<b>96,052</b>	623,602	-	-
Impairment loss on amount due from a subsidiary company	-	-	-	44,968
Inventories written off	<b>21,540</b>	315,439	-	-
Inventories written down	<b>775,666</b>	397,427	-	-
Interest income	<b>(2,033,898)</b>	(3,361,185)	-	-
Interest expense	<b>10,103</b>	21,268	-	-
Property, plant and equipment written off	<b>4,864</b>	16,752	-	-
Reversal of impairment loss on trade receivables	<b>(606,089)</b>	(1,201,084)	-	-
Reversal of inventories written down	<b>(149,312)</b>	(396,726)	-	-
Unrealised gain on foreign exchange	<b>(1,046,722)</b>	(84,903)	-	-
Unrealised loss on foreign exchange	<b>367,517</b>	161,484	-	-
Gain on modification of lease contract	<b>(7,948)</b>	-	-	-
Waiver of debts by other payables	-	(285,902)	-	-
Operating profit/(loss) before working capital changes	<b>34,563,449</b>	55,206,146	<b>(789,980)</b>	(773,828)
Changes in working capital:				
Inventories	<b>(100,085)</b>	659,168	-	-
Subsidiary companies	-	-	<b>2,609,154</b>	(1,436,598)
Receivables	<b>29,598,171</b>	(17,873,909)	-	-
Payables	<b>(6,635,385)</b>	(7,241,299)	<b>16,919</b>	40,602
	<b>22,862,701</b>	(24,456,040)	<b>2,626,073</b>	(1,395,996)
Cash generated from/(used in) operations	<b>57,426,150</b>	30,750,106	<b>1,836,093</b>	(2,169,824)

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

## statements of cash flows (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>				
Dividend received	-	-	20,000,000	25,000,000
Interest received	2,033,898	3,361,185	-	-
Interest paid	(10,103)	(21,268)	-	-
Tax refund	-	1,537,051	-	62,664
Tax paid	(10,335,094)	(13,181,631)	(4,545)	(12,840)
	<b>(8,311,299)</b>	<b>(8,304,663)</b>	<b>19,995,455</b>	<b>25,049,824</b>
Net cash from operating activities	<b>49,114,851</b>	<b>22,445,443</b>	<b>21,831,548</b>	<b>22,880,000</b>
<b>Cash Flows From Investing Activities</b>				
Proceeds from disposal of property, plant and equipment	199,800	144,002	-	-
Purchase of property, plant and equipment	(29,281,887)	(7,191,307)	-	-
(Increase)/Decrease in fixed deposits with maturity more than three months	(17,803,035)	17,911,706	-	-
Net cash (used in)/from investing activities	<b>(46,885,122)</b>	<b>10,864,401</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Financing Activities</b>				
Dividends paid	(18,167,952)	(22,880,000)	(18,167,952)	(22,880,000)
Payment of lease liabilities	(497,989)	(544,160)	-	-
Net change in of letter of credit	(5,843,427)	5,828,220	-	-
Purchase of treasury shares	(3,663,596)	-	(3,663,596)	-
Changes in fixed deposits pledged with licensed bank	6,625,126	(6,625,126)	-	-
Net cash used in financing activities	<b>(21,547,838)</b>	<b>(24,221,066)</b>	<b>(21,831,548)</b>	<b>(22,880,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(19,318,109)</b>	<b>9,088,778</b>	<b>-</b>	<b>-</b>
Effect of exchange translation differences on cash and cash equivalents	(59,372)	110,683	-	-
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>68,309,418</b>	<b>59,109,957</b>	<b>2</b>	<b>2</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b>48,931,937</b>	<b>68,309,418</b>	<b>2</b>	<b>2</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	10,815,508	11,388,228	2	2
Fixed deposits with licensed banks	66,314,646	73,941,498	-	-
	<b>77,130,154</b>	<b>85,329,726</b>	<b>2</b>	<b>2</b>
Less: Fixed deposits with maturity more than three months	(28,198,217)	(10,395,182)	-	-
Less: Fixed deposits pledged with licensed bank	-	(6,625,126)	-	-
	<b>48,931,937</b>	<b>68,309,418</b>	<b>2</b>	<b>2</b>

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



# Notes To The Financial Statements

## 31 December 2020

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.

The registered office of the Company was located at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur. With effect from 24 November 2020, the Company's registered office has been changed to BO3-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur.

The Company's principal activity is investment holding. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these principal activities of the Company and its subsidiary companies during the financial year.

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

## notes to the financial statements (cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid 19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16	Covid 19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to MFRSs Standards 2018 – 2020:		1 January 2022
	<ul style="list-style-type: none"> <li>• Amendments to MFRS 1</li> <li>• Amendments to MFRS 9</li> <li>• Amendments to MFRS 16</li> <li>• Amendments to MFRS 141</li> </ul>	
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a contract	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new and amendments standard, if applicable, when they become effective.

The Group and the Company do not plan to apply MFRS 17 and Amendments to MFRS 17 *Insurance Contracts* that is effective for annual period beginning or after 1 January 2023 as it is not applicable to the Group and to the Company.

The initial application of the accounting standards, or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

**(b) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM, unless otherwise stated.

## notes to the financial statements (cont'd)

### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

#### Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

#### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available or to include extension options in new leases to provide operational flexibility. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

## notes to the financial statements (cont'd)

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

**Useful lives/amortisation of property, plant and equipment, investment properties and right-of-use ("ROU") assets**

The Group regularly reviews the estimated useful lives of property, plant and equipment, investment properties, and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties, and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties, and ROU assets. The carrying amount of the property, plant and equipment, investment properties, and ROU assets are disclosed in Notes 4, 5, and 6 respectively to the financial statements.

**Impairment of investment in subsidiary companies**

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7 to the financial statements.

**Inventories valuation**

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 8 to the financial statements.

**Determination of transaction price**

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability-weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

## notes to the financial statements (cont'd)

### **Provision for expected credit loss of financial assets at amortised cost**

The Group reviews the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Note 9, 10 and 11 respectively.

The Group uses a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate. Information about the expected credit loss is disclosed in Note 33(b)(i) to the financial statements.

### **Discount rate used in leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

### **Income taxes**

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable of RM2,219,836 (2019: RM1,123,051) and RM17,385 (2019: RM12,840) and tax payable of RM465,108 (2019: RM1,772,467) and RM Nil (2019: RM Nil) respectively.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

## notes to the financial statements (cont'd)

**(a) Basis of consolidation****(i) Subsidiary companies**

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for those subsidiary companies acquired under common control which were accounted for using merger method of accounting.

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial

## notes to the financial statements (cont'd)

instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group of companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets to the financial statements.

### (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

### (iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets to the financial statements.

## notes to the financial statements (cont'd)

**(b) Foreign currency translation****(i) Foreign currency transactions and balances**

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

**(ii) Foreign operations**

The assets and liabilities of foreign operations denominated in functional currencies other than Ringgit Malaysia ("RM"), including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange translation reserve ("ETR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the ETR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



## notes to the financial statements (cont'd)

**(c) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) on impairment of non-financial assets to the financial statements.

**(i) Recognition and measurement**

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

**(ii) Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

**(iii) Depreciation**

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

## notes to the financial statements (cont'd)

Freehold buildings	Over the remaining useful lives of between 23 to 42 years
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Warehouse equipment	10%
Electrical fittings	10%
Renovation	10%
Science lab equipment	10%
Factory equipment	10%
Computer software	10%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

#### **Leasehold land and buildings**

The above accounting policies for property, plant and equipment applies to leasehold land and buildings until 31 December 2018. The leasehold land and buildings were depreciated over the remaining lease period.

Following the adoption of MFRS 16 *Leases* on 1 January 2019, the Group has reclassified the carrying amount of the leasehold land and buildings to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(d) to the financial statements.

#### **(d) Leases**

##### **(i) As lessee**

The Group recognises a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(j)(i) of non-financial assets to the financial statements.

The ROU asset under cost model is amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

## notes to the financial statements (cont'd)

Buildings	Over the lease period
Leasehold land and buildings	Over the remaining lease period

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Low value assets are those assets valued at less than RM20,000 each when purchased new.

**(ii) As lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Rental income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**(e) Investment properties**

Investment properties, including right-of-use assets held by lessee, are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

## notes to the financial statements (cont'd)

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate is:

Leasehold land and building	Over the remaining lease period
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(j)(i) on impairment of non-financial assets to the financial statements.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. Transfer between investment property, property, plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

**(f) Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amounts due from subsidiary companies and cash and bank balances.

**(i) Financial assets at amortised cost**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

## notes to the financial statements (cont'd)

### (ii) Fair value through other comprehensive income

#### Debt instruments

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

Financial assets categorised as FVOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in OCI and accumulated under fair value reserve in equity.

For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets at FVOCI.

### (iii) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the

## notes to the financial statements (cont'd)

asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

### (g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (h) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

### (i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### (j) Impairment of assets

#### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

## notes to the financial statements (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (group of cash-generating units).

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

### (ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for other receivables that are determined to have low credit risk at the reporting date, and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

## notes to the financial statements (cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

**(k) Inventories**

Raw materials, packing materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw materials and packing materials comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

**(m) Share capital****(i) Ordinary shares**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.



## notes to the financial statements (cont'd)

### (ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares. When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company. When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

### (o) Employee benefits

#### (i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## notes to the financial statements (cont'd)

**(p) Revenue recognition***Revenue from contracts with customers*

Revenue is recognised when the Group satisfied a performance obligation (“PO”) by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

**(i) Sale of goods**

Revenue is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue is recognised net of taxes and discounts, where applicable.

*Revenue from contracts other sources***(i) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(ii) Dividend income**

Dividend income is recognised when the Group’s right to receive payment is established.

**(iii) Interest income**

Interest income is recognised on accruals basis using the effective interest method.

**(q) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

## notes to the financial statements (cont'd)

**(r) Income tax**

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the senior management of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

**(t) Fair value measurement**

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## notes to the financial statements (cont'd)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## notes to the financial statements (cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

Group 2020 Cost	Freehold land RM	Freehold buildings RM	Building in progress RM	Machinery in progress RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM
At 1 January	23,083,855	13,553,760	4,932,450	-	4,160,860	84,254,546	2,358,480
Additions	-	-	3,527,082	23,968,558	1,032,575	284,024	126,644
Disposals	-	-	-	-	(724,577)	(170,425)	(3,780)
Written off	-	-	-	-	-	(659)	(3,825)
Exchange difference	-	-	-	-	8,846	(23)	3,301
At 31 December	23,083,855	13,553,760	8,459,532	23,968,558	4,477,704	84,367,463	2,480,820
<b>Accumulated depreciation</b>							
At 1 January	-	4,014,794	-	-	3,011,191	72,798,551	1,470,993
Charge for the financial year	-	300,467	-	-	673,582	4,047,241	174,815
Disposals	-	-	-	-	(724,575)	(170,424)	(2,738)
Written off	-	-	-	-	-	(535)	(3,825)
Exchange difference	-	-	-	-	8,404	(19)	2,384
At 31 December	-	4,315,261	-	-	2,968,602	76,674,814	1,641,629
<b>Carrying amount</b>							
At 31 December	23,083,855	9,238,499	8,459,532	23,968,558	1,509,102	7,692,649	839,191

Group 2020 Cost	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
At 1 January	630,493	820,536	1,176,724	7,886,386	1,544,155	42,127,995	28,820	186,559,060
Additions	50,559	5,292	-	20,750	10,575	255,828	-	29,281,887
Disposals	(295)	-	-	-	-	-	-	(899,077)
Written off	(4,894)	-	-	-	-	(11,200)	-	(20,578)
Exchange difference	(148)	-	-	-	-	-	180	12,156
At 31 December	675,715	825,828	1,176,724	7,907,136	1,554,730	42,372,623	29,000	214,933,448
<b>Accumulated depreciation</b>								
At 1 January	509,804	783,672	820,414	6,795,450	1,151,585	32,141,556	23,807	123,521,817
Charge for the financial year	38,226	11,363	58,032	218,701	99,532	2,660,087	1,535	8,283,581
Disposals	(174)	-	-	-	-	-	-	(897,911)
Written off	(3,514)	-	-	-	-	(7,840)	-	(15,714)
Exchange difference	(97)	-	-	-	-	-	180	10,852
At 31 December	544,245	795,035	878,446	7,014,151	1,251,117	34,793,803	25,522	130,902,625
<b>Carrying amount</b>								
At 31 December	131,470	30,793	298,278	892,985	303,613	7,578,820	3,478	84,030,823

## notes to the financial statements (cont'd)

Group 2019 Cost	Long-term							
	Freehold land RM	Freehold buildings RM	leasehold land and buildings RM	Building in progress RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	
At 1 January, as previously stated	23,083,855	13,553,760	44,777,683	109,926	4,780,204	84,805,380	2,250,359	
Effect of adoption of MFRS 16	-	-	(44,777,683)	-	-	-	-	
At 1 January, as restated	23,083,855	13,553,760	-	109,926	4,780,204	84,805,380	2,250,359	
Additions	-	-	-	4,822,524	-	15,000	134,009	
Disposals	-	-	-	-	(615,716)	(106,836)	-	
Written off	-	-	-	-	-	(459,372)	(24,302)	
Exchange difference	-	-	-	-	(3,628)	374	(1,586)	
At 31 December	23,083,855	13,553,760	-	4,932,450	4,160,860	84,254,546	2,358,480	
<b>Accumulated depreciation</b>								
At 1 January, as previously stated	-	3,714,327	6,937,523	-	3,096,158	68,318,806	1,304,683	
Effect of adoption of MFRS 16	-	-	(6,937,247)	-	-	-	-	
At 1 January, as restated	-	3,714,327	276	-	3,096,158	68,318,806	1,304,683	
Charge for the financial year	-	300,467	-	-	535,203	5,047,238	184,988	
Disposals	-	-	-	-	(615,713)	(106,832)	-	
Written off	-	-	-	-	-	(459,372)	(19,724)	
Exchange difference	-	-	(276)	-	(4,457)	(1,289)	1,046	
At 31 December	-	4,014,794	-	-	3,011,191	72,798,551	1,470,993	
<b>Carrying amount</b>								
At 31 December	23,083,855	9,538,966	-	4,932,450	1,149,669	11,455,995	887,487	
<b>Group</b>								
2019 Cost	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
At 1 January, as previously stated	614,145	819,316	1,013,724	7,544,329	1,527,534	40,476,059	31,665	225,387,939
Effect of adoption of MFRS 16	-	-	-	-	-	-	-	(44,777,683)
At 1 January, as restated	614,145	819,316	1,013,724	7,544,329	1,527,534	40,476,059	31,665	180,610,256
Additions	16,185	1,220	163,000	342,057	18,471	1,678,841	-	7,191,307
Disposals	-	-	-	-	-	-	-	(722,552)
Written off	-	-	-	-	(1,850)	(26,905)	(2,771)	(515,200)
Exchange difference	163	-	-	-	-	-	(74)	(4,751)
At 31 December	630,493	820,536	1,176,724	7,886,386	1,544,155	42,127,995	28,820	186,559,060
<b>Accumulated depreciation</b>								
At 1 January, as previously stated	468,903	772,695	762,383	6,555,244	1,025,484	28,729,742	24,467	121,710,415
Effect of adoption of MFRS 16	-	-	-	-	-	-	-	(6,937,247)
At 1 January, as restated	468,903	772,695	762,383	6,555,244	1,025,484	28,729,742	24,467	114,773,168
Charge for the financial year	40,192	10,977	58,031	240,206	126,656	3,428,338	1,689	9,973,985
Disposals	-	-	-	-	-	-	-	(722,545)
Written off	-	-	-	-	(555)	(16,524)	(2,273)	(498,448)
Exchange difference	709	-	-	-	-	-	(76)	(4,343)
At 31 December	509,804	783,672	820,414	6,795,450	1,151,585	32,141,556	23,807	123,521,817
<b>Carrying amount</b>								
At 31 December	120,689	36,864	356,310	1,090,936	392,570	9,986,439	5,013	63,037,243

## notes to the financial statements (cont'd)

There is no provision for depreciation for building in progress and plant and machinery in progress as they are not ready to use.

In previous financial year, following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of leased assets to right-of-use assets as disclosed in Note 6 to the financial statements.

**5. INVESTMENT PROPERTIES**

	Group	
	2020 RM	2019 RM
<b>At cost</b>		
At 1 January/31 December	2,729,680	2,729,680
<b>Accumulated amortisation</b>		
At 1 January	1,091,875	989,635
Charge for the financial year	68,240	102,240
At 31 December	1,160,115	1,091,875
<b>Carrying amount</b>		
At 31 December	1,569,565	1,637,805
<b>Fair value of investment properties</b>		
At 31 December	4,180,871	4,547,620

## (a) Investment properties under leases

Investment properties comprise a short-term leasehold land and building that are leased to a third party. The lease contains a cancellable period of three years. Subsequent renewals are negotiated with the lessee and on renewal periods are three years.

## (b) Income and expenses recognised in profit and loss

The following are recognised in profit or loss in respect of the investment properties:

	Group	
	2020 RM	2019 RM
Rental income	150,000	150,000
Direct operating expenses	(16,989)	(16,989)

## (c) Fair value basis of investment properties

Fair value of investment property was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

There were no transfer between levels during current and previous financial year.

## notes to the financial statements (cont'd)

- (d) The remaining lease period of the leasehold land and building of the Group is 26 years (2019: 27 years), which is expired on year 2046.

## 6. RIGHT-OF-USE ASSETS

Group	Leasehold land and buildings RM	Buildings RM	Total RM
<b>Cost</b>			
At 1 January 2020	44,777,683	1,141,829	45,919,512
Additions	-	471,929	471,929
Lease modification	-	(791,589)	(791,589)
Exchange difference	-	7,236	7,236
At 31 December 2020	44,777,683	829,405	45,607,088
<b>Accumulated amortisation</b>			
At 1 January 2020	7,690,618	433,293	8,123,911
Charge for the financial year	787,370	499,231	1,286,601
Lease modification	-	(525,216)	(525,216)
Exchange difference	-	2,934	2,934
At 31 December 2020	8,477,988	410,242	8,888,230
<b>Carrying amount</b>			
At 31 December 2020	36,299,695	419,163	36,718,858
<b>Cost</b>			
At 1 January 2019, as previously stated	-	-	-
Effect of adoption of MFRS 16	44,777,683	1,070,965	45,848,648
At 1 January 2019, as restated	44,777,683	1,070,965	45,848,648
Additions	-	541,548	541,548
Written off	-	(469,006)	(469,006)
Exchange difference	-	(1,678)	(1,678)
At 31 December 2019	44,777,683	1,141,829	45,919,512
<b>Accumulated amortisation</b>			
At 1 January 2019, as previously stated	-	-	-
Effect of adoption of MFRS 16	6,937,247	357,177	7,294,424
At 1 January 2019, as restated	6,937,247	357,177	7,294,424
Charge for the financial year	753,371	545,679	1,299,050
Written off	-	(469,006)	(469,006)
Exchange difference	-	(557)	(557)
At 31 December 2019	7,690,618	433,293	8,123,911
<b>Carrying amount</b>			
At 31 December 2019	37,087,065	708,536	37,795,601

- (a) Following the adoption of MFRS 16 on 1 January 2019, the Group had reclassified the carrying amount of leasehold land and buildings from property, plant and equipment as disclosed in Note 4 to the financial statements.



## notes to the financial statements (cont'd)

(b) The Group had entered into several operating lease agreements for the use of building. The leases are a period ranging from 1 to 4 years with no purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the building. Tenancy is, however, allowed with the consent of the lessor.

(c) The remaining lease period of the leasehold land and buildings of the Group are ranging from 58 to 94 years (2019: 59 to 95 years), which is expired from year 2078 to 2114.

**7. INVESTMENT IN SUBSIDIARY COMPANIES**

	Company	
	2020 RM	2019 RM
<b>In Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	<b>33,858,836</b>	33,858,836
<b>Outside Malaysia:</b>		
<b>At cost</b>		
Unquoted shares	<b>623,027</b>	623,027
	<b>34,481,863</b>	34,481,863
Less: Accumulated impairment losses		
At 1 January	<b>(495,129)</b>	(149,695)
Impairment loss recognised	-	(345,434)
At 31 December	<b>(495,129)</b>	(495,129)
	<b>33,986,734</b>	33,986,734

In previous financial year, Lot 100 Food Co. Ltd., a wholly-owned subsidiary company of the Company, continued to record carrying amount of the cost of investment exceeded its recoverable amount, which is an impairment indicator. An impairment assessment was performed by management. In view of the management, an impairment loss amounting to RM Nil (2019: RM345,434) was recognised in "administrative expenses" during the previous financial year.

Details of the subsidiary companies are as follows:

Name of company	Place of business / Country of incorporation	Effective interest		Principal Activities
		2020 %	2019 %	
<b>DIRECT HOLDING:</b>				
Cocoaland Industry Sdn. Bhd.	Malaysia	<b>100</b>	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
L.B. Food Sdn. Bhd.	Malaysia	<b>100</b>	100	Wholesaling and retailing processed and preserved foods
Cocoaland Retail Sdn. Bhd.	Malaysia	<b>100</b>	100	Dormant
CCL Food & Beverage Sdn. Bhd.	Malaysia	<b>100</b>	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
Lot 100 Food Co. Ltd. *	China	<b>100</b>	100	Wholesaling, importing and exporting gummy products and other products
PT Cocoaland Indonesia *	Indonesia	<b>90</b>	90	Dormant
<b>HELD THROUGH L.B. FOOD SDN. BHD.</b>				
PT Cocoaland Indonesia *	Indonesia	<b>10</b>	10	Dormant

\* Subsidiary companies not audited by UHY

## notes to the financial statements (cont'd)

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

**8. INVENTORIES**

	Group	
	2020 RM	2019 RM
Work-in-progress	1,382,000	1,517,000
Packing materials	7,984,408	7,554,399
Raw materials	9,341,832	8,475,784
Finished goods	15,843,015	17,551,881
	<b>34,551,255</b>	<b>35,099,064</b>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	161,475,820	180,154,730
Inventories written off	21,540	315,439
Inventories written down	775,666	397,427
Reversal of inventories written down	(149,312)	(396,726)

The reversal of inventories written down was made in current financial year when the related inventories were in-used.

**9. TRADE RECEIVABLES**

	Group	
	2020 RM	2019 RM
Trade receivables	34,466,861	49,458,138
Less: Accumulated impairment losses	(205,481)	(715,518)
At 31 December	<b>34,261,380</b>	<b>48,742,620</b>

Trade receivables are non-interest bearing and are generally on cash to 90 days (2019: cash to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is RM1,000,049 (2019: RM1,930,764) due from a company with substantial financial interest over the Group. The amount is unsecured and non-interest bearing.

**10. OTHER RECEIVABLES**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	2,525,966	172,003	-	-
Deposits	683,435	702,706	1,000	1,000
Prepayments	2,690,458	19,436,084	-	-
GST receivables	194,895	796,437	-	-
	<b>6,094,754</b>	<b>21,107,230</b>	<b>1,000</b>	<b>1,000</b>

## notes to the financial statements (cont'd)

Included in prepayments is an amount of RM2,043,908 (2019: RM13,375,847) relating to advance payment for purchase of relating to plant and machinery.

**11. AMOUNTS DUE FROM SUBSIDIARY COMPANIES**

	Company	
	2020 RM	2019 RM
<b>Amounts due from Subsidiary Companies</b>		
- Trade in nature	<b>39,337,657</b>	38,193,317
- Non-trade in nature	<b>66,512,867</b>	70,266,361
	<b>105,850,524</b>	108,459,678
Less: Accumulated impairment losses		
Trade in nature	<b>(44,968)</b>	(44,968)
	<b>105,805,556</b>	108,414,710

This represents unsecured, interest free and are repayable on demand, except for an amount of RM39,337,657 (2019: RM38,193,317) which had granted a credit term of 1 (2019: 1) day.

**12. DEPOSITS, CASH AND BANK BALANCES**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	<b>10,815,508</b>	11,388,228	<b>2</b>	2
Fixed deposits with licensed banks:				
- maturity less than 3 months	<b>38,116,429</b>	56,921,190	-	-
- maturity more than 3 months	<b>28,198,217</b>	10,395,182	-	-
- Pledged to banking facilities	-	6,625,126	-	-
	<b>77,130,154</b>	85,329,726	<b>2</b>	2

The fixed deposits of the Group amounting to RM Nil (2019: RM6,625,126) is pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

The maturity period and interest rates per annum are as follows:

	Group	
	2020	2019
<b>Fixed deposits with licensed banks</b>		
Interest rates per annum	<b>1.75% - 6%</b>	2.20% - 3.75%
Maturity periods	<b>1 - 6 months</b>	1 - 6 months

## notes to the financial statements (cont'd)

**13. SHARE CAPITAL**

	Group and Company			
	Number of Shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
<b>Issued and fully paid:</b>				
<u>Ordinary shares</u>				
At 1 January/31 December	<b>228,800,000</b>	228,800,000	<b>130,154,539</b>	130,154,539

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regards to the Company's residual assets. In respect of the treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

**Treasury Shares**

	Group and Company			
	Number of Shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
At 1 January	-	-	-	-
Shares repurchased	<b>2,315,900</b>	-	<b>3,663,596</b>	-
At 31 December	<b>2,315,900</b>	-	<b>3,663,596</b>	-

Treasury shares related to ordinary shares that are held by the Company. The amount consists of the acquisition costs of treasury shares.

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 18 September 2020, renewed the authority in relation to shares repurchased. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased a total of 2,135,900 (2019: Nil) of its issued ordinary shares from the open market at an average of RM1.71 (2019: RM Nil) per share. The total consideration paid for the repurchase was RM3,663,596 (2019: RM Nil). The repurchase transactions were financed by internally generated funds. The share repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

The Company has the right to resell the shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended.

As at 31 December 2020, the total shares held as treasury shares amount to 2,135,900 (2019: Nil) ordinary shares at a cost of RM3,663,596 (2019: RM Nil).

None of the treasury shares held were resold or cancelled during the financial year.

## notes to the financial statements (cont'd)

## 14. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Non-distributable reserves</b>				
Exchange translation reserve	<b>188,242</b>	189,457	-	-
	<b>188,242</b>	189,457	-	-
<b>Distributable reserves</b>				
Retained earnings	<b>120,950,190</b>	118,699,810	<b>12,799,010</b>	11,756,942
	<b>121,138,432</b>	118,889,267	<b>12,799,010</b>	11,756,942

The nature of reserves of the Group and of the Company are as follows:

## (a) Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## (b) Retained earnings

The entire retained earnings of the Company are available for distribution as single-tier dividends.

## 15. LEASE LIABILITIES

	Group	
	2020 RM	2019 RM
At 1 January	<b>717,767</b>	-
Effect of adoption of MFRS 16	-	721,499
At 1 January, as restated	<b>717,767</b>	721,499
Additions	<b>471,929</b>	541,548
Payments	<b>(497,989)</b>	(544,160)
Lease modification	<b>(274,321)</b>	-
Exchange difference	<b>4,306</b>	(1,120)
At 31 December	<b>421,692</b>	717,767
<b>Presented as:</b>		
Non-current	<b>175,443</b>	265,804
Current	<b>246,249</b>	451,963
	<b>421,692</b>	717,767

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2020 RM	2019 RM
Within one year	<b>253,131</b>	467,980
Later than one year and not later than two years	<b>168,817</b>	259,500
Later than two years and not later than five years	<b>11,550</b>	11,550
	<b>433,498</b>	739,030
Less: Future finance charges	<b>(11,806)</b>	(21,263)
Present value of lease liabilities	<b>421,692</b>	717,767

## notes to the financial statements (cont'd)

The Group leases various buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The weighted average incremental borrowing rate applied to lease liabilities at the reporting date ranging from 1.85% to 3.2%.

**16. DEFERRED TAX LIABILITIES**

	Group	
	2020 RM	2019 RM
At 1 January	5,905,678	7,452,228
Recognised in profit or loss	(1,088,283)	(1,451,200)
Under/(Over) provision in prior years	643	(95,350)
At 31 December	4,818,038	5,905,678

The components and movements of deferred tax liabilities are as follows:

**Deferred tax liabilities of the Group**

	Accelerated Capital Allowances RM
At 1 January 2020	5,905,678
Recognised in profit or loss	(1,088,283)
Under provision in prior years	643
At 31 December 2020	4,818,038
At 1 January 2019	7,452,228
Recognised in profit or loss	(1,451,200)
Over provision in prior years	(95,350)
At 31 December 2019	5,905,678

**17. BANK BORROWINGS**

	Group	
	2020 RM	2019 RM
<b>Secured</b>		
Letter of credit	-	5,843,427
<b>Current</b>		
Letter of credit	-	5,843,427

Letter of credit

The letter of credit is secured by the Group's fixed deposits that pledged with a licensed bank as disclosed in Note 12 to the financial statements.

## notes to the financial statements (cont'd)

**18. TRADE PAYABLES**

Credit terms of trade payables of the Group ranged from 30 to 90 days (2019: 30 to 90 days) from date of invoice.

Included in trade payables of the Group is RM Nil (2019: RM386,470) due to entities with substantial financial interest over the Group. The amount is unsecured and non-bearing interest.

**19. OTHER PAYABLES**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	4,346,724	4,665,193	2,524	15,605
Deposits	37,500	37,500	-	-
Accruals	2,858,108	4,400,228	518,200	488,200
Sales tax payable	985,075	1,156,911	-	-
	<b>8,227,407</b>	<b>10,259,832</b>	<b>520,724</b>	<b>503,805</b>

**20. REVENUE**

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Revenue from contracts with customers:</b>				
- Sales of goods:				
- Manufacturing	78,439,985	71,057,821	-	-
- Trading	137,806,260	183,008,322	-	-
	<b>216,246,245</b>	<b>254,066,143</b>	<b>-</b>	<b>-</b>
<b>Revenue from other source:</b>				
- Dividend income from a subsidiary company	-	-	20,000,000	25,000,000
	<b>216,246,245</b>	<b>254,066,143</b>	<b>20,000,000</b>	<b>25,000,000</b>

The timing of revenue recognition is at a point in time.

<b>Geographical market:</b>	<b>Manufacturing RM</b>	<b>Trading RM</b>	<b>Total RM</b>
<b>2020</b>			
Malaysia	28,664,880	71,249,520	99,914,400
Eastern Asia	19,833,478	29,519,669	49,353,147
South East Asia	29,875,373	6,315,720	36,191,093
Middle East	20,578	26,859,091	26,879,669
Others	45,676	3,862,260	3,907,936
Total revenue from contracts with customers	<b>78,439,985</b>	<b>137,806,260</b>	<b>216,246,245</b>
<b>2019</b>			
Malaysia	23,392,283	87,733,522	111,125,805
Eastern Asia	22,530,714	44,522,393	67,053,107
South East Asia	24,373,492	20,169,090	44,542,582
Middle East	51,646	25,840,475	25,892,121
Others	709,686	4,742,842	5,452,528
Total revenue from contracts with customers	<b>71,057,821</b>	<b>183,008,322</b>	<b>254,066,143</b>

## notes to the financial statements (cont'd)

**21. OTHER INCOME**

	Group	
	2020 RM	2019 RM
Gain on foreign exchange:		
- realised	1,396,469	4,076,038
- unrealised	1,046,722	84,903
Gain on disposal of property, plant and equipment	198,634	143,995
Income from disposals of scrap and packaging material	639,005	863,131
Interest income	2,033,898	3,361,185
Insurance claim	97,294	250
Rental income	150,000	150,000
Lab analysis income	-	196,708
Waiver of debts by other payables	-	285,902
Hiring incentive	268,000	-
Trial run charges	807,856	686,088
Others	384,912	197,683
	<b>7,022,790</b>	<b>10,045,883</b>

**22. FINANCE COST**

	Group	
	2020 RM	2019 RM
Interest expense on:		
- Lease liabilities	10,103	21,268

**23. PROFIT BEFORE TAXATION**

Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration:				
- statutory audits:				
- current year	129,105	129,019	20,000	20,000
- non-audit services:				
- current year	5,000	5,000	5,000	5,000
Amortisation of investment properties	68,240	102,240	-	-
Amortisation of right-of-use assets	1,286,601	1,299,050	-	-
Bad debts written off:				
- trade receivables	430,246	453,115	-	-
Depreciation of property, plant and equipment	8,283,581	9,973,985	-	-



## notes to the financial statements (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss on foreign exchange:				
- unrealised	<b>367,517</b>	161,484	-	-
Impairment loss on investment in a subsidiary company	-	-	-	345,434
Net (gain)/loss on impairment loss on financial instruments:				
Impairment loss on trade receivables	<b>96,052</b>	623,602	-	-
Impairment loss on amount due from a subsidiary company	-	-	-	44,968
Reversal of impairment loss on trade receivables	<b>(606,089)</b>	(1,201,084)	-	-
	<b>(510,037)</b>	(577,482)	-	44,968
Inventories written off	<b>21,540</b>	315,439	-	-
Inventories written down	<b>775,666</b>	397,427	-	-
Reversal of inventories written down	<b>(149,312)</b>	(396,726)	-	-
Gain on modification of lease contract	<b>(7,948)</b>	-	-	-
Non-Executive Directors remuneration:				
- fees	<b>306,000</b>	276,000	<b>306,000</b>	276,000
- other emoluments	<b>20,400</b>	20,400	<b>20,400</b>	20,400
Property, plant and equipment written off	<b>4,864</b>	16,752	-	-

## 24. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Tax expenses recognised in profit or loss</b>				
<b>Malaysia statutory tax:</b>				
Current year tax provision	<b>7,952,237</b>	13,215,163	-	-
(Over)/Under provision in prior years	<b>(21,287)</b>	(85,085)	-	150
	<b>7,930,950</b>	13,130,078	-	150
<b>Deferred tax (Note 16):</b>				
Origination and reversal of temporary differences	<b>(1,088,283)</b>	(1,451,200)	-	-
Under/(Over) provision in prior years	<b>643</b>	(95,350)	-	-
	<b>(1,087,640)</b>	(1,546,550)	-	-
<b>Tax expense for the financial year</b>	<b>6,843,310</b>	11,583,528	-	150

## notes to the financial statements (cont'd)

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	<b>27,261,642</b>	47,315,579	<b>19,210,020</b>	23,835,770
At Malaysian statutory tax rate of 24% (2019: 24%)	<b>6,542,794</b>	11,355,739	<b>4,610,405</b>	5,720,585
Expenses not deductible for tax purposes	<b>758,882</b>	999,796	<b>189,595</b>	279,415
Income not subject to tax	<b>(437,722)</b>	(591,572)	<b>(4,800,000)</b>	(6,000,000)
(Over)/Under provision of taxation in prior years	<b>(21,287)</b>	(85,085)	-	150
Under/(Over) provision of deferred taxation in prior years	<b>643</b>	(95,350)	-	-
Tax expense for the financial year	<b>6,843,310</b>	11,583,528	-	150

## 25. STAFF COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Labour cost</b> (included in cost of sales):				
Salaries, wages and others	<b>24,723,980</b>	25,147,992	-	-
Defined contribution plans	<b>1,358,095</b>	1,318,666	-	-
	<b>26,082,075</b>	26,466,658	-	-
<b>Staff cost</b>				
Fees	<b>180,000</b>	180,000	<b>180,000</b>	180,000
Salaries, wages and others	<b>15,094,481</b>	15,263,669	<b>16,800</b>	16,200
Defined contribution plans	<b>2,563,244</b>	2,436,421	-	-
SOCSSO contribution and employment insurance scheme (EIS)	<b>101,978</b>	119,011	-	-
	<b>17,939,703</b>	17,999,101	<b>196,800</b>	196,200
Total staff costs	<b>44,021,778</b>	44,465,759	<b>196,800</b>	196,200

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

## notes to the financial statements (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors of the Company</b>				
Fees	<b>180,000</b>	180,000	<b>180,000</b>	180,000
Salaries and other emoluments	<b>6,448,820</b>	6,193,650	<b>16,800</b>	16,200
Defined contribution plans	<b>1,222,105</b>	1,148,078	-	-
SOCSSO contribution and employment insurance scheme (EIS)	<b>3,627</b>	3,627	-	-
	<b>7,854,552</b>	7,525,355	<b>196,800</b>	196,200

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the subsidiary companies during the financial year as below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors of the subsidiary companies</b>				
Salaries and other emoluments	<b>2,198,400</b>	2,100,604	-	-
Defined contribution plans	<b>417,696</b>	359,453	-	-
SOCSSO contribution and employment insurance scheme (EIS)	<b>2,109</b>	2,109	-	-
	<b>2,618,205</b>	2,462,166	-	-

## 26. EARNINGS PER ORDINARY SHARE

### Basic earnings per ordinary share

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue excludes the weighted average number of treasury shares held by the Company.

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the Company	<b>20,418,332</b>	35,732,051
Weighted average number of ordinary shares in issue	<b>228,800,000</b>	228,800,000
Effect of treasury share held	<b>(542,729)</b>	-
Weighted average number of ordinary shares as at 31 December	<b>228,257,271</b>	228,800,000
Basic earnings per ordinary share (sen)	<b>8.95</b>	15.62

## notes to the financial statements (cont'd)

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

**27. RELATED PARTY DISCLOSURES****(a) Identifying related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

**(b) Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2020 RM	2019 RM
<b>Group</b>		
Sale of trading goods to entities with substantial financial interest over the Group	(7,701,265)	(9,099,917)
Purchase of trading goods from entities with substantial financial interest over the Group	2,846,794	4,789,356
Transactions with persons connected to certain Directors of the Company:		
- salaries paid	131,400	140,452
- rental paid	249,000	234,200
<b>Company</b>		
Gross dividend income received/receivable from subsidiary company	(20,000,000)	(25,000,000)

**(c) Compensation of key management personnel**

The key management personnel compensation is as follows:

## notes to the financial statements (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Directors of the Company</b>				
<b>Executive:</b>				
Fees	180,000	180,000	180,000	180,000
Salaries and other emoluments	6,448,820	6,193,650	16,800	16,200
Total short-term employee benefits	6,628,820	6,373,650	196,800	196,200
Defined contribution plans	1,222,105	1,148,078	-	-
SOCSO contribution and employee insurance scheme (EIS)	3,627	3,627	-	-
	<b>7,854,552</b>	<b>7,525,355</b>	<b>196,800</b>	<b>196,200</b>
<b>Non-Executive:</b>				
Fees	306,000	276,000	306,000	276,000
Other emoluments	20,400	20,400	20,400	20,400
Total short-term employee benefits	326,400	296,400	326,400	296,400
<b>Other Directors (on board of subsidiary companies)</b>				
<b>Executive:</b>				
Salaries and other emoluments	2,198,400	2,100,604	-	-
Defined contribution plans	417,696	359,453	-	-
SOCSO contribution and employee insurance scheme (EIS)	2,109	2,109	-	-
	<b>2,618,205</b>	<b>2,462,166</b>	<b>-</b>	<b>-</b>

**28. SHARE GRANT SCHEME**

On 3 November 2017, the shareholders of the Company have at Extraordinary General Meeting approved the Share Buy-Back and establishment of Share Grant Scheme ("SGS"). The SGS serves to reward eligible employees through the award of the Company shares purchased and held as treasury shares under the share buy-back without any consideration payable by the eligible employees, subject to the eligible employees fulfilling vesting conditions.

The salient terms of the SGS are as follow:

- The maximum number of shares that may be awarded under the Share Grant Scheme shall not exceed 5% of the total issued share capital of the Company at any point of time during the existence of the Share Grant Scheme ("Maximum Scheme Shares Available")
- The basis of allocation of the maximum number of Shares which may be offered to an eligible employee pursuant to SGS shall be determined entirely at the discretion of the Scheme Committee. The allocation

## notes to the financial statements (cont'd)

to an eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more of the issued share capital (excluding treasury share, if any) of the company, shall not exceed ten percent (10%) of the Maximum Scheme Shares Available.

- (c) Any eligible employee who meets the following criteria as of the date of an Offer shall be eligible for consideration and selection as an eligible employee by the Scheme Committee:
- (i) has attained the age of eighteen (18) years on the date of offer;
  - (ii) must fall under one (1) of the categories of employees listed in the By-Laws;
  - (iii) must be employed for a continuous period of at least one (1) year (which shall include any probation period) by the Company and/or subsidiary within the Group;
  - (iv) must have completed service for a continuous period of at least one (1) year in that subsidiary following the date that such company becomes or is deemed to be a subsidiary company of the Group; and
  - (v) whose contribution is vital to such companies and who on the date of offer is employed under a contract for service for a term of not less than three (3) years.
- (d) The SGS shall be in force for a duration of five (5) years from the effective date of the implementation. The SGS may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the Scheme Committee.

**29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below shows the details changes in the liabilities of the Group and of the Company arising from financing activities including both cash and non-cash changes:

	As at 1 January 2020 RM	Addition RM	Repayment RM	Lease modification RM	Exchange difference RM	As at 31 December 2020 RM
<b>2020</b>						
<b>Group</b>						
Dividend payable	-	18,167,952	(18,167,952)	-	-	-
Letter of credit (Note 17)	5,843,427	-	(5,843,427)	-	-	-
Lease liabilities (Note 15)	717,767	471,929	(497,989)	(274,321)	4,306	421,692
	<u>6,561,194</u>	<u>18,639,881</u>	<u>(24,509,368)</u>	<u>(274,321)</u>	<u>4,306</u>	<u>421,692</u>
<b>Company</b>						
Dividend payable	-	18,167,952	(18,167,952)	-	-	-

	As at 1 January 2019, as previously stated RM	Opening balance adjustment from adoption of MFRS 16 RM	As at 1 January 2019, as restated RM	Addition RM	Repayment RM	Exchange difference RM	At 31 December 2019 RM
<b>2019</b>							
<b>Group</b>							
Dividend payable	-	-	-	22,880,000	(22,880,000)	-	-
Letter of credit (Note 17)	-	-	-	5,843,427	-	-	5,843,427
Lease liabilities (Note 15)	-	721,499	721,499	541,548	(544,160)	(1,120)	717,767
	-	<u>721,499</u>	<u>721,499</u>	<u>29,264,975</u>	<u>(23,424,160)</u>	<u>(1,120)</u>	<u>6,561,194</u>
<b>Company</b>							
Dividend payable	-	-	-	22,880,000	(22,880,000)	-	-

## notes to the financial statements (cont'd)

**30. CAPITAL COMMITMENT****Authorised and contracted for:**

- Property, plant and equipment

**Authorised but not contracted for:**

- Property, plant and equipment

Group	
2020 RM	2019 RM
4,140,657	18,876,877
2,628,122	9,077,639
<b>6,768,779</b>	<b>27,954,516</b>

**31. DIVIDENDS**

Interim dividends paid in respect of the financial year ended:

- 31 December 2019 (single-tier dividend of RM0.10 per ordinary share)

- 31 December 2020 (single-tier dividend of RM0.08 per ordinary share)

Group and Company	
2020 RM	2019 RM
-	22,880,000
<b>18,167,952</b>	-
<b>18,167,952</b>	<b>22,880,000</b>

On 26 November 2019, the Directors declared a first interim single-tier dividend of RM0.10 per ordinary share amounting to RM22,880,000 in respect of the financial year ended 31 December 2019, which was paid on 24 December 2019.

On 24 November 2020, the Directors declared a first interim single-tier dividend of RM0.08 per ordinary share amounting to RM18,167,952 in respect of the financial year ended 31 December 2020, which was paid on 24 December 2020.

The Board of Directors does not recommend a final dividend to be paid in respect of the financial year ended 31 December 2020.

**32. OPERATING SEGMENTS**

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business unit, the senior management of the Group reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segment:

Manufacturing	Manufacturing and trading all kinds of processed and preserved foods and fruits
Trading	Wholesaling and retailing processed and preserved foods

Other non-reportable segment comprises of investment holding activities.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the senior management of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## notes to the financial statements (cont'd)

**Segment assets and liabilities**

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the senior management of the Group.

<b>Group 2020</b>	<b>Manufacturing RM</b>	<b>Trading RM</b>	<b>Investment holding RM</b>	<b>Elimination / adjustments* RM</b>	<b>Note</b>	<b>Total RM</b>
<b>Revenue</b>						
External customers	78,439,985	137,806,260	-	-		216,246,245
Inter-segment	92,063,636	6,063,890	20,000,000	(118,127,526)		-
Total revenue	170,503,621	143,870,150	20,000,000	(118,127,526)		216,246,245
<b>Results</b>						
Interest income	49,319	1,984,579	-	-		2,033,898
Interest expense	(13,110)	(3,360)	-	6,367		(10,103)
Dividend income	-	-	20,000,000	(20,000,000)		-
Depreciation and amortisation	(9,007,720)	(820,325)	-	189,623		(9,638,422)
Other non-cash items	(545,927)	834,166	-	16,633		304,872
Taxation	(4,586,480)	(2,256,830)	-	-		(6,843,310)
Segment results	17,400,352	10,741,754	19,210,020	(20,090,484)		27,261,642
<b>Assets</b>						
Capital expenditure	28,593,470	688,417	-	-		29,281,887
Segment assets	131,378,107	121,800,616	139,810,677	(145,694,662)		247,294,738
Total assets	159,971,577	122,489,033	139,810,677	(145,694,662)		276,576,625
<b>Liabilities</b>						
Segment liabilities	90,966,392	48,262,875	520,724	(110,802,741)		28,947,250
<b>Other non-cash items</b>	(545,927)	834,166	-	16,633	(A)	304,872
<b>Group 2019</b>						
<b>Group 2019</b>	<b>Manufacturing RM</b>	<b>Trading RM</b>	<b>Investment holding RM</b>	<b>Elimination / adjustments* RM</b>	<b>Note</b>	<b>Total RM</b>
<b>Revenue</b>						
External customers	71,057,821	183,008,322	-	-		254,066,143
Inter-segment	123,148,784	9,478,156	25,000,000	(157,626,940)		-
Total revenue	194,206,605	192,486,478	25,000,000	(157,626,940)		254,066,143
<b>Results</b>						
Interest income	44,028	3,317,157	-	-		3,361,185
Interest expense	(25,165)	(6,478)	-	10,375		(21,268)
Dividend income	-	-	25,000,000	(25,000,000)		-
Depreciation and amortisation	(10,806,953)	(777,279)	-	208,957		(11,375,275)
Other non-cash items	142,767	36,182	(390,402)	356,244		144,791
Taxation	(5,626,765)	(5,956,613)	(150)	-		(11,583,528)
Segment results	23,023,191	24,867,444	23,835,770	(24,410,826)		47,315,579
<b>Assets</b>						
Capital expenditure	7,156,274	35,033	-	-		7,191,307
Segment assets	159,249,820	134,002,486	142,415,286	(148,986,559)		286,681,033
Total assets	166,406,094	134,037,519	142,415,286	(148,986,559)		293,872,340
<b>Liabilities</b>						
Segment liabilities	110,214,781	48,295,070	503,805	(114,185,122)		44,828,534
<b>Other non-cash items</b>	142,767	36,182	(390,402)	356,244	(A)	144,791



## notes to the financial statements (cont'd)

A. Other non-cash items consist of following as presented in the respective notes to the financial statements:

	Group	
	2020 RM	2019 RM
<b>Other non-cash items:</b>		
Bad debts written off for trade receivables	430,246	453,115
Gain on disposal of property, plant and equipment	(198,634)	(143,995)
Impairment loss on trade receivables	96,052	623,602
Inventories written off	21,540	315,439
Inventories written down	775,666	397,427
Property, plant and equipment written off	4,864	16,752
Reversal of impairment loss on trade receivables	(606,089)	(1,201,084)
Reversal of inventories written down	(149,312)	(396,726)
Unrealised gain on foreign exchange	(1,046,722)	(84,903)
Unrealised loss on foreign exchange	367,517	161,484
Waiver of debts by other payables	-	(285,902)
	<b>(304,872)</b>	<b>(144,791)</b>

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on geographical location of the assets. The amount of non-current assets do not include financial instruments:

	Revenue		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	99,914,400	111,125,805	122,142,931	102,384,810
Eastern Asia	49,353,147	67,053,107	176,315	84,130
South East Asia	36,191,093	44,542,582	-	1,709
Middle East	26,879,669	25,892,121	-	-
Others	3,907,936	5,452,528	-	-
	<b>216,246,245</b>	<b>254,066,143</b>	<b>122,319,246</b>	<b>102,470,649</b>

## 33. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

## notes to the financial statements (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>At Amortised Costs</b>				
<b>Financial Assets</b>				
Trade receivables	34,261,380	48,742,620	-	-
Other receivables	3,209,401	874,709	1,000	1,000
Amounts due from subsidiary companies	-	-	105,805,556	108,414,710
Deposits, cash and bank balances	77,130,154	85,329,726	2	2
<b>Total financial assets</b>	<b>114,600,935</b>	<b>134,947,055</b>	<b>105,806,558</b>	<b>108,415,712</b>
<b>Financial Liabilities</b>				
Trade payables	15,015,005	20,329,363	-	-
Other payables	7,242,332	9,102,921	520,724	503,805
Lease liabilities	421,692	717,767	-	-
Bank borrowings	-	5,843,427	-	-
<b>Total financial liabilities</b>	<b>22,679,029</b>	<b>35,993,478</b>	<b>520,724</b>	<b>503,805</b>

**(b) Financial risk management**

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**(i) Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Group's and the Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to prior periods.

**Trade receivables***Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sales of goods from manufacturing and trading activities.

At each reporting date, Group assesses whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

## notes to the financial statements (cont'd)

There are no significant changes as compared to previous year.

### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statements of financial position.

### Concentration risk

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	Group	
	2020 RM	2019 RM
Malaysia	17,350,911	22,854,793
China	3,016,064	3,913,726
Other countries	13,894,405	21,974,101
	<b>34,261,380</b>	<b>48,742,620</b>

### Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within credit terms. The Group's debt recovery process is that when invoices which are exceeded credit terms, the Group will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses an allowance matrix to measure expected credit loss ("ECLs") for trade receivables. Consistent with the debt recovery process, invoices which are exceeded credit terms will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group believes that the forward-looking factors are immaterial for the purpose of calculation impairment for the financial year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at reporting period.

## notes to the financial statements (cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
<b>2020</b>			
Current	14,393,589	(24,263)	14,369,326
<i>Past due not impaired</i>			
- Less than 30 days	12,894,912	(15,053)	12,879,859
- 31 to 60 days	4,340,130	(7,024)	4,333,106
- 61 to 90 days	1,957,743	(9,913)	1,947,830
- More than 90 days	832,784	(101,525)	731,259
	20,025,569	(133,515)	19,892,054
<b>Credit impaired:</b>			
More than 90 days			
- Individually impaired	47,703	(47,703)	-
Trade receivables	34,466,861	(205,481)	34,261,380
<b>2019</b>			
Current	21,270,096	(14,265)	21,255,831
<i>Past due not impaired</i>			
- Less than 30 days	14,114,276	(12,842)	14,101,434
- 31 to 60 days	6,028,808	(7,074)	6,021,734
- 61 to 90 days	4,029,558	(15,244)	4,014,314
- More than 90 days	3,395,227	(45,920)	3,349,307
	27,567,869	(81,080)	27,486,789
<b>Credit impaired:</b>			
More than 90 days			
- Individually impaired	620,173	(620,173)	-
Trade receivables	49,458,138	(715,518)	48,742,620

The movement in the allowance for impairment losses in respect of trade receivables of the Group during the financial year are as follows:

	Lifetime ECL RM	Credit Impaired RM	Total RM
<b>2020</b>			
At 1 January	95,345	620,173	715,518
Impairment loss recognised	91,481	4,571	96,052
Impairment loss reversed	(29,048)	(577,041)	(606,089)
At 31 December	157,778	47,703	205,481
<b>2019</b>			
At 1 January	1,293,000	-	1,293,000
Impairment loss recognised	3,429	620,173	623,602
Impairment loss reversed	(1,201,084)	-	(1,201,084)
At 31 December	95,345	620,173	715,518

## notes to the financial statements (cont'd)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivables directly.

### Cash and cash equivalents

#### Risk management objectives, policies and processes for managing the risk

The cash and cash equivalents are held with banks. The Group and the Company have a credit policy in place to control credit risk by deposits with banks with good credit rating.

#### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

#### Recognition and measurement of impairment loss

These banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

### Other receivables

#### Risk management objectives, policies and processes for managing the risk

Credit risks on other receivables are mainly arising from receivables from deposits paid for the building in progress. The Group and the Company manage the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

#### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

#### Recognition and measurement of impairment loss

As there are only a few debtors, these other receivables have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

### Inter-company loans and advances

#### Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

#### Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

## notes to the financial statements (cont'd)

### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiary companies have low credit risk because there is no indication that any going concern issue from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

### **Financial guarantees**

#### Risk management objectives, policies and processes for managing the risk

The Group provides unsecured financial guarantees to banks made in favour of Tenaga National Berhad and Gas Malaysia Berhad in respect of electricity and gas supplies. In managing the credit risk of the financial guarantee, the Group monitors the usage of the electricity as well as gas and generally, the electricity and gas bills are paid within 30 days.

Besides, the Group also provides unsecured financial guarantees to banks made in favour of Royal Malaysian Customs Department in respect of duty and customs charges. In managing the credit risk of the financial guarantee, the Group renews the duty and customs charges and are paid within 30 days.

#### Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk for the financial guarantees of the Group as disclosed in Note 34 to the financial statements.

### Recognition and measurement of impairment loss

There is no history of overdue electrical, gas and duty and customs bill payments. The Group pays within the credit terms given by Tenaga Nasional Berhad, Gas Berhad Malaysia and Royal Malaysian Customs Department. The Group is of the view that loss allowance is not material and hence, it is not provided for.

### **(ii) Liquidity risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities.

The Group and the Company actively manage its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short-term and long-term funding requirements.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

## notes to the financial statements (cont'd)

Group	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Carrying amount RM
<b>2020</b>					
<b>Financial Liabilities</b>					
Trade payables	15,015,005	-	-	15,015,005	15,015,005
Other payables	7,242,332	-	-	7,242,332	7,242,332
Lease liabilities	253,131	168,817	11,550	433,498	421,692
Financial guarantees (Note 34)*	3,292,735	-	-	3,292,735	-
	<u>25,803,203</u>	<u>168,817</u>	<u>11,550</u>	<u>25,983,570</u>	<u>22,679,029</u>
<b>2019</b>					
<b>Financial Liabilities</b>					
Trade payables	20,329,363	-	-	20,329,363	20,329,363
Other payables	9,102,921	-	-	9,102,921	9,102,921
Lease liabilities	467,980	259,500	11,550	739,030	717,767
Bank borrowings	5,843,427	-	-	5,843,427	5,843,427
Financial guarantees (Note 34)*	3,556,625	-	-	3,556,625	-
	<u>39,300,316</u>	<u>259,500</u>	<u>11,550</u>	<u>39,571,366</u>	<u>35,993,478</u>

\*Based on the maximum amount that can be called for under the financial guarantee contract.

Company	On demand or within 1 year RM	Total contractual cash flows RM	Carrying amount RM
<b>2020</b>			
<b>Financial Liabilities</b>			
Other payables	520,724	520,724	520,724
<b>2019</b>			
<b>Financial Liabilities</b>			
Other payables	503,805	503,805	503,805

## (iii) Market risks

## (a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Euro ("EUR"), United States Dollar ("USD"), New Zealand Dollar ("NZD"), Hong Kong Dollar ("HKD"), Renminbi ("RMB"), Indonesian Rupiah ("IDR"), and Swiss Franc ("CHF").

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

## notes to the financial statements (cont'd)

Group	Denominated In									Total RM
	SGD RM	GBP RM	EUR RM	USD RM	NZD RM	HKD RM	RMB RM	IDR RM	CHF RM	
<b>2020</b>										
Trade receivables	62,253	63,380	-	13,124,055	-	644,717	3,016,064	-	-	16,910,469
Cash and bank balances	-	-	-	2,365,186	-	-	1,533,229	173,356	-	4,071,771
Trade payables	-	-	-	(239,644)	(180,583)	-	(77,907)	-	(6,575)	(504,709)
Net exposure	62,253	63,380	-	15,249,597	(180,583)	644,717	4,471,386	173,356	(6,575)	20,477,531
<b>2019</b>										
Trade receivables	110,581	-	142,005	19,926,323	-	1,795,192	3,913,726	-	-	25,887,827
Cash and bank balances	-	-	-	1,572,895	-	-	1,794,078	176,671	-	3,543,644
Trade payables	-	-	-	(1,898,304)	-	(39,309)	(1,691)	-	(186,963)	(2,126,267)
Bank borrowings	-	-	(5,236,904)	(606,523)	-	-	-	-	-	(5,843,427)
Net exposure	110,581	-	(5,094,899)	18,994,391	-	1,755,883	5,706,113	176,671	(186,963)	21,461,777

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, GBP, EUR, USD, NZD, HKD, RMB, IDR and CHF exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	Effect on profit before tax	
		2020 RM	2019 RM
SGD	Strengthened 5%	3,113	5,529
	Weakened 5%	(3,113)	(5,529)
GBP	Strengthened 5%	3,169	-
	Weakened 5%	(3,169)	-
EUR	Strengthened 5%	-	(254,745)
	Weakened 5%	-	254,745
USD	Strengthened 5%	762,480	949,720
	Weakened 5%	(762,480)	(949,720)
NZD	Strengthened 5%	(9,029)	-
	Weakened 5%	9,029	-
HKD	Strengthened 5%	32,236	87,794
	Weakened 5%	(32,236)	(87,794)
RMB	Strengthened 5%	223,569	285,306
	Weakened 5%	(223,569)	(285,306)
IDR	Strengthened 5%	8,668	8,834
	Weakened 5%	(8,668)	(8,834)
CHF	Strengthened 5%	(329)	(9,348)
	Weakened 5%	329	9,348

**(b) Interest rate risk**

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.



## notes to the financial statements (cont'd)

The Group manages the interest rate risk of its deposits with licensed banks and by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2020 RM	2019 RM
<b>Fixed rate instruments</b>		
<b>Financial Assets</b>		
- Fixed deposits with licensed banks with maturity less than 3 months	38,116,429	56,921,190
- Fixed deposits with licensed banks with maturity more than 3 months	28,198,217	10,395,182
<b>Fixed rate instruments</b>		
<b>Financial Liability</b>		
Lease liabilities	421,692	717,767

Interest rate risk sensitivity analysis

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) **Fair value of financial instruments**

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowing approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

**34. FINANCIAL GUARANTEES**

**Unsecured**

Bank guarantee made in favour of:

- Tenaga Nasional Berhad in respect of electricity supply
- Gas Malaysia Berhad in respect of gas supply
- Royal Malaysian Customs Department in respect of duty and customs charges

	Group	
	2020 RM	2019 RM
	2,175,000	2,155,000
	1,113,558	1,387,875
	4,177	13,750
	3,292,735	3,556,625

**35. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

## notes to the financial statements (cont'd)

The Group monitors capital using debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements. The debt-to-equity ratio at end of the reporting period is as follows:

	Group	
	2020 RM	2019 RM
<b>Debts</b>		
Bank borrowings	-	5,843,427
Trade and other payables	<b>23,242,412</b>	30,589,195
Lease liabilities	<b>421,692</b>	717,767
	<b>23,664,104</b>	37,150,389
<b>Capital</b>		
Total equity	<b>247,629,375</b>	249,043,806
Debt-to-equity ratio	<b>0.10</b>	0.15

There were no changes in the Group's approach to capital management during the financial year.

### 36. SIGNIFICANT EVENT

The World Health Organization ("WHO") declared the 2019 Novel Coronavirus ("Covid-19") outbreak as global pandemic on 11 March 2020. Following the WHO's declaration, the Malaysian Government had on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 and subsequently entered into various phases of the MCO to curb the spread of the Covid-19 pandemic in Malaysia.

During the early implementation stage of MCO, the Group's production operations were temporarily interrupted from 18 March. As at 18 April 2020 when the Group's workforce fully resumed work, its production operations returned to levels of pre MCO.

The pandemic caused some reduction in revenue from both local and export sales, especially sales contributed by the Gummy segment. During the period, Cocoland was able to arrest the Gummy's revenue decline by producing better sales via Contract Manufacturing Business.

The Group remains vigilant on the Covid-19 situation and will take necessary action to safeguard its performance. Cocoland with its sufficient capital and low gearing will be able to meet the financial challenges, until normal conditions return. With the start of vaccination program, confidence in overall economy will set in.

### 37. SUBSEQUENT EVENTS

- (a) On 8 February 2021, the Company granted and transferred 760,000 ordinary shares out of its treasury shares to the eligible employees under the Company's Share Grant Scheme ("SGS"). The salient terms of the SGS are disclosed in Note 28 to the financial statements.
- (b) On 9 April 2021, the Company announced to undertake a Proposed Bonus Issue of up to 228,800,000 Bonus Shares, to be credited as fully paid up, on the basis of one (1) Bonus Share for every one (1) existing ordinary share, including 3,545,900 treasury shares held by the shareholders of the Company whose name appear in the Record of Depositors of the Company on an entitlement date to be determined and announcement by the Board.

On 26 April 2021, the Company announced that Bursa Securities had vide its letter dated 26 April 2021, resolved to approve the listing and quotation of 228,800,000 new Shares to be issued pursuant to the Proposed Bonus Issue.

As at date of this report, the Proposed Bonus Issue is conditional approvals from shareholders of the Company at an extraordinary general meeting to be convened at the later date.

### 38. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2021.

# LIST OF PROPERTIES

AS AT 31 December 2020

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
<b>L.B. Food Sdn. Bhd.</b> <i>No. 41, Jalan E1/4, Kawasan Perusahaan Taman Ehsan 52100 Kepong Selangor Darul Ehsan</i>	A double-storey warehouse with a 3-storey office annexe.	2,415 sq. meter	Leasehold 99 years <i>expiring on 09.07.2078</i>	40	1,918	1.12.2003 / Year 1991
<b>L.B. Food Sdn. Bhd.</b> <i>Lot 883, Off Jalan Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan</i>	A detached industrial factory complex comprising a main factory building with an annexe, 2 other factory buildings and a host of other support buildings/ structures.	12,138 sq. meter.	Leasehold 60 years <i>expiring on 15.04.2046</i>	30 to 34	1,569	1.12.2003/ Year 1988
<b>Cocoaland Industry Sdn. Bhd.</b> <i>Lot 100, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan</i>	A block of single storey factory with a 2-storey factory with annexe, 3 blocks of single storey factory/ warehouses and a 2-storey canteen.	17,735 sq. meter	Freehold	22 to 27	7,937	1.12.2003/ Year 1993
<b>Cocoaland Industry Sdn. Bhd.</b> <i>Lot 5, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan</i>	A single storey factory/ warehouse with a 2-storey office annexe.	8,305 sq. meter	Freehold	19	4,770	1.12.2003/ Year 2001
<b>Cocoaland Industry Sdn. Bhd.</b> <i>H.S. (D) 81124, PT9010 Seksyen 20, Bandar Rawang Daerah Gombak Selangor Darul Ehsan</i>	A single warehouse, a block of double-storey factory and a block of 4 storey factory building.	30,326 sq. meter	Leasehold 99 years <i>expiring on 07.01.2114</i>	12	34,564	8.12.2005/ Year 2009

## list of properties (cont'd)

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
<b>CCL Food &amp; Beverage Sdn. Bhd.</b> <i>Geran 212309 for Lot 21225, Mukim Rawang, District of Gombak, State of Selangor</i>	A single storey factory with warehouse.	10,257 sq. meter	Freehold	-	7,863	14.03.2011
<b>CCL Food &amp; Beverage Sdn. Bhd.</b> <i>Geran 205539 for Lot 19004, Seksyen 20, Mukim Rawang, District of Gombak, State of Selangor</i>	A single storey factory with warehouse.	306 sq. meter	Freehold	-	235	14.03.2011
<b>CCL Food &amp; Beverage Sdn. Bhd.</b> <i>Geran 212310 for Lot 21226, Mukim Rawang, Selangor</i>	Single storey warehouse and 2 storey office annexed.	9,163 sq. meter	Freehold	23	11,518	23.08.2013

# Analysis Of Shareholdings

## AS AT 30 APRIL 2021

### Share Capital

Number of Issued Shares	228,800,000 Ordinary Shares
Number of Treasury Shares	3,545,900 Treasury Shares
Class of Shares	Ordinary Shares
Voting Rights	One (1) vote per ordinary share held

### Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	444	14.50	17,751	0.01
100 – 1,000	553	18.06	367,141	0.16
1,001 - 10,000	1,490	48.66	6,704,571	2.97
10,001 - 100,000	495	16.17	13,779,859	6.12
100,001 to less than 5% of issued shares	78	2.55	60,148,150	26.70
5% and above of issued shares	2	0.07	144,236,628	64.03
<b>Total</b>	<b>3,062</b>	<b>100.00</b>	<b>225,254,100*</b>	<b>100.00</b>

\* Exclude a total of 3,545,900 treasury shares retained by the Company as per record of depositors as at 30 April 2021.

### List of Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
1.	Leverage Success Sdn. Bhd.	91,436,628	40.59
2.	Fraser & Neave Holdings Bhd.	52,800,000	23.44
3.	Fraser & Neave Holdings Bhd.	9,411,466	4.18
4.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. <i>[Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund]</i>	6,691,000	2.97
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>[Employees Provident Fund Board]</i>	4,438,000	1.97
6.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Rickoh Corporation Sdn. Bhd.]</i>	3,333,333	1.48
7.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Koh Kin Lip (8058900)]</i>	2,651,666	1.18
8.	Amanahraya Trustees Berhad <i>[Public Islamic Emerging Opportunities Fund]</i>	2,582,400	1.15
9.	Leong Meei Keing	2,481,943	1.10
10.	Amanahraya Trustees Berhad <i>[Public Islamic Treasures Growth Fund]</i>	1,755,200	0.78

## analysis of shareholdings (cont'd)

	Name of Shareholders	No. of Shares	% of Shares
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>[Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)]</i>	1,346,666	0.61
12.	Ho Sek Kee Sdn. Bhd.	1,346,666	0.60
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>[Employees Provident Fund Board (AM Inv)]</i>	1,337,200	0.59
14.	Chew Pui Ming	1,256,397	0.56
15.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. <i>[Deutsche Trustees Malaysia Berhad for Eastspring Investments Islamic Small-Cap Fund]</i>	1,238,000	0.55
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Mak Tian Meng (MY3136)]</i>	1,142,000	0.51
17.	Wong Yoke Chou	912,000	0.40
18.	Amanahraya Trustees Berhad <i>[Public Islamic Optimal Growth Fund]</i>	856,233	0.38
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Mak Tian Meng]</i>	830,666	0.37
20.	Lau Kee Von	777,333	0.35
21.	CIMB Group Nominees (Tempatan) Sdn. Bhd. <i>[CIMB Commerce Trustee Berhad for Maybank Malaysia Smallcap Fund]</i>	726,200	0.32
22.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. <i>[Pledged Securities Account for Koh Kin Lip (MY0502)]</i>	666,666	0.30
23.	Koh Geok Lian	660,000	0.29
24.	Lau Yoke Kiew	647,681	0.29
25.	Low Yoon Sun	633,993	0.28
26.	Lok Siew Dhan	546,000	0.24
27.	Azman Bin Mahmood	524,444	0.23
28.	Chow Dai Ying	500,000	0.22
29.	Ng Kay Yip	500,000	0.22
30.	Ooi Kok Kee	432,666	0.19

## analysis of shareholdings (cont'd)

## List of Substantial Shareholders

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	91,436,628	40.59	0	0.00
Fraser & Neave Holdings Bhd.	62,211,466	27.62	0	0.00
Liew Fook Meng	38,000	0.02	91,436,628 (a)	40.59
Lau Kee Von	815,366	0.36	91,436,628 (a)	40.59
Liew Yoon Kee	135,777	0.06	91,436,628 (a)	40.59
Lau Pak Lam	38,000	0.02	91,436,628 (a)	40.59
Lew Foo Chay @ Lau Foo Chay	38,000	0.02	91,436,628 (a)	40.59
Lau Kwai Choon	64,666	0.03	91,436,628 (a)	40.59
Fraser and Neave Limited	0	0	62,211,466 (b)	27.62
InterBev Investment Limited	0	0	62,211,466 (c)	27.62
TCC Assets Limited	0	0	62,211,466 (c)	27.62
Thai Beverage Public Company Limited	0	0	62,211,466 (c)	27.62
International Beverage Holdings Limited	0	0	62,211,466 (c)	27.62
Siriwana Company Limited	0	0	62,211,466 (c)	27.62
Maxtop Management Corp.	0	0	62,211,466 (c)	27.62
Shiny Treasure Holdings Limited	0	0	62,211,466 (c)	27.62
MM Group Limited	0	0	62,211,466 (c)	27.62
Khunying Wanna Sirivadhanabhakdi	0	0	62,211,466 (c)	27.62
Charoen Sirivadhanabhakdi	0	0	62,211,466 (c)	27.62

(a) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

(b) Deemed interested by virtue of its shareholding in Fraser & Neave Holdings Bhd. pursuant to Section 8(4)(b) of the Act.

(c) Deemed interested pursuant to Section 8(4)(c) of the Act.

## Directors' Shareholdings

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman Bin Mahmood	524,444	0.23	0	0.00
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	1.47	3,333,333 (a)	1.48
Liew Fook Meng	38,000	0.02	91,436,628 (b)	40.59
Lau Kee Von	815,366	0.36	91,436,628 (b)	40.59
Lau Pak Lam	38,000	0.02	91,436,628 (b)	40.59
Lau Kim Chew	363,900	0.16	0	0
Chow Kee Kan @ Chow Tuck Kwan	0	0	0	0
Lim Yew Hoe	0	0	0	0
Soh Swee Hock @ Soh Say Hock	0	0	0	0
Tai Chun Wah	61,466	0.03	0	0
Lau Cheng Yew (alternate to Lim Yew Hoe)	0	0	0	0

(a) Deemed interested by virtue of his shareholding in Rickoh Corporate Sdn. Bhd pursuant to Section 8(4) of the Act.

(b) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd. pursuant to Section 8(4) of the Act.

# Form Of Proxy

Number of Shares held

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member / members of **Cocoaland Holdings Berhad** hereby appoint the Chairman of the Meeting\*

or \_\_\_\_\_ (Passport / NRIC NO : \_\_\_\_\_)

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_ (Passport / NRIC NO : \_\_\_\_\_)

of \_\_\_\_\_

*\*Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.*

as my/our proxy to vote for me/us on my/our behalf at the Twenty-First (21st) Annual General Meeting ("AGM") of the Company to be held at **Concorde Ballroom, Lobby Level, Concorde Hotel Kuala Lumpur, 2, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 17 June 2021 at 10.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
1.	Re-election of Tan Sri Dato' Sri Koh Kin Lip as Director		
2.	Re-election of Mr. Lau Kim Chew as Director		
3.	Re-election of Mr. Tai Chun Wah as Director		
4.	Payment of Directors' fees and benefits from this AGM until the next AGM		
5.	Re-Appointment of Messrs. UHY as Auditors		
6.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
7.	Proposed Renewal of Share Buy-Back Authority		
8.	Proposed Retention of Dato' Azman Bin Mahmood as Independent Non-Executive Director		
9.	Proposed Retention of Mr. Chow Kee Kan @ Chow Tuck Kwan as Independent Non-Executive Director		
10.	Proposed Retention of Tan Sri Dato' Sri Koh Kin Lip as Independent Non-Executive Director		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature: \_\_\_\_\_

## NOTES:-

- (i) Only members whose names appear in the Record of Depositors as at 4 June 2021 will be entitled to attend and vote at the Meeting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- (iii) 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 (1) 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 holds.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at B03-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.



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STAMP

THE COMPANY SECRETARY  
**COCOALAND HOLDINGS BERHAD**  
[Registration No. 200001013413 (516019-H)]  
BO3-B-13-1, LEVEL 13, MENARA 3A  
KL ECO CITY, NO. 3, JALAN BANGSAR  
59200 KUALA LUMPUR

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