Annual Report 2019

GREAT TASTE, GREAT MOMENT

cocoaland®

COCOALAND HOLDINGS BERHAD

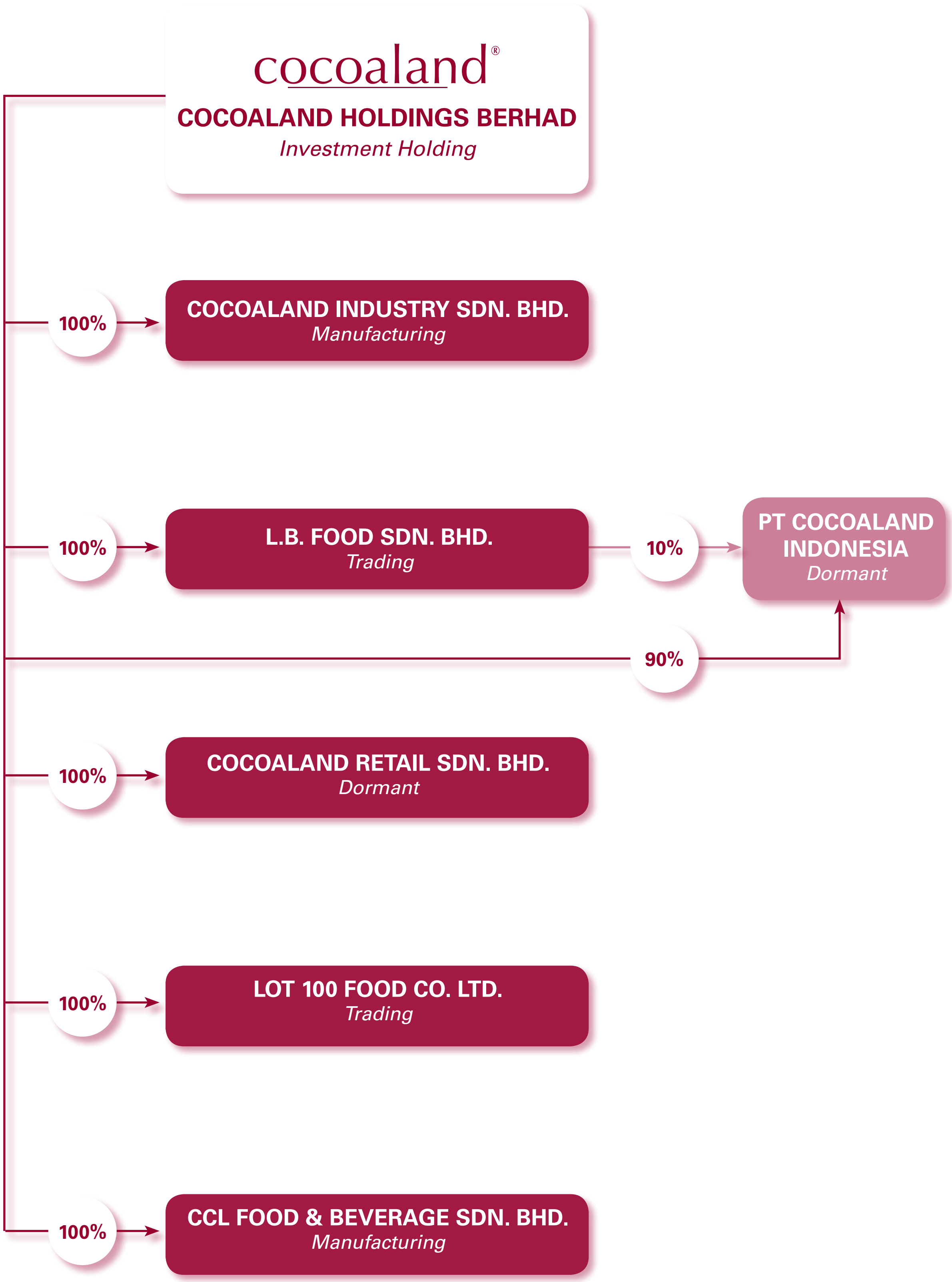
Registration No. 200001013413 (516019-H)

CONTENTS

Corporate **Information**

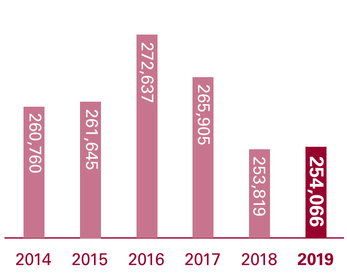
BOARD OF DIRECTORS	**Dato' Azman bin Mahmood** *(Chairman / Independent Non-Executive Director)* **Tan Sri Dato' Sri Koh Kin Lip** *(Senior Independent Non-Executive Director)* **Liew Fook Meng** *(Executive Director)* **Lau Kee Von** *(Executive Director)* **Lau Pak Lam** *(Executive Director)* **Lau Kim Chew** *(Executive Director)* **Tai Chun Wah** *(Executive Director)* **Chow Kee Kan @ Chow Tuck Kwan** *(Independent Non-Executive Director)* **Lim Yew Hoe** *(Non-Independent Non-Executive Director)* **Soh Swee Hock @ Soh Say Hock** *(Non-Independent Non-Executive Director)* **Lau Cheng Yew** *(Alternate Director to Lim Yew Hoe)*
AUDIT & RISK MANAGEMENT COMMITTEE	**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)*
REMUNERATION COMMITTEE	**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)*
NOMINATING COMMITTEE	**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)*
COMPANY SECRETARIES	Ng Heng Hooi *(MAICSA 7048492)* Wong Mee Kiat *(MAICSA 7058813)* Yap Foo Teng *(MACS 00601)*
CORPORATE WEBSITE	www.cocoaland.com
AUDITORS	**UHY** *(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
PRINCIPAL BANKERS	Citibank Berhad Public Bank Berhad
CORPORATE OFFICE	Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan Tel: 03-6091 3131 Fax: 03-6091 5131
REGISTERED OFFICE	Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur Tel: 03-2072 8100 Fax: 03-2072 8101
SHARE REGISTRAR	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
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad – Main Market Stock Code: 7205

Corporate **Structure**

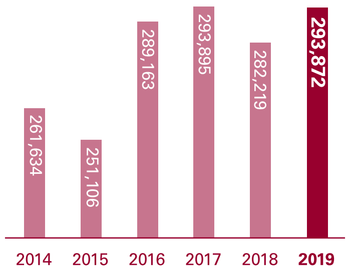


Financial **Highlights**

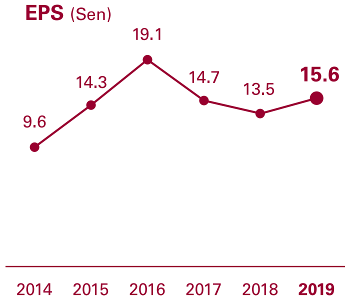
Turnover (RM'000)



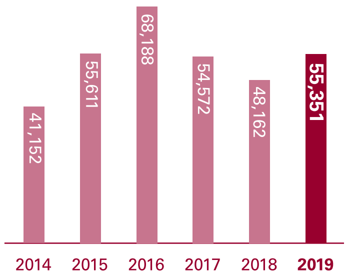
Total Assets (RM'000)



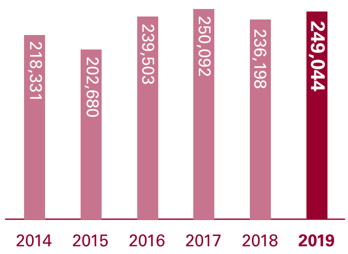
EPS (Sen)



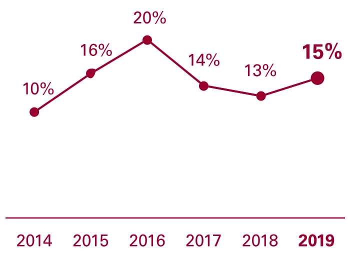
EBITDA (RM'000)



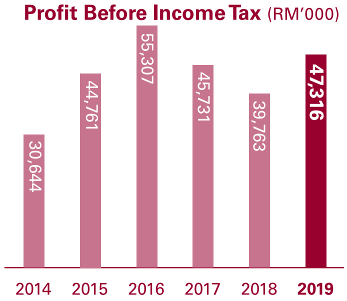
Shareholders' Equity (RM'000)



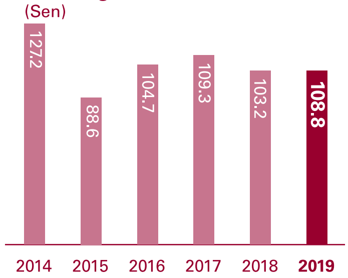
Return on Average Equity



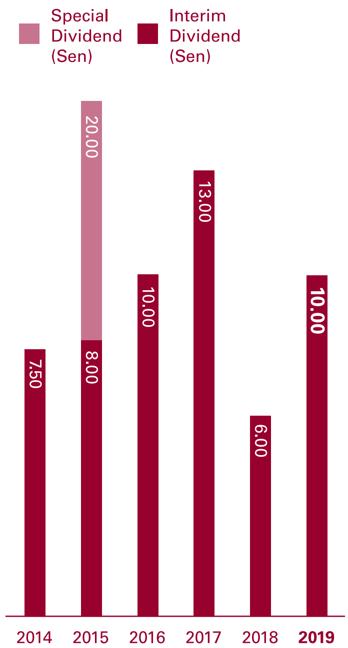
Profit Before Income Tax (RM'000)



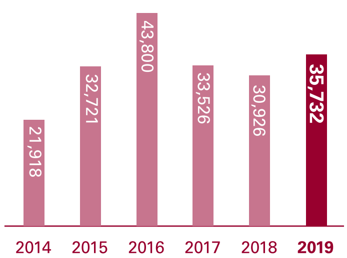
Net Tangible Assets Per Share (Sen)



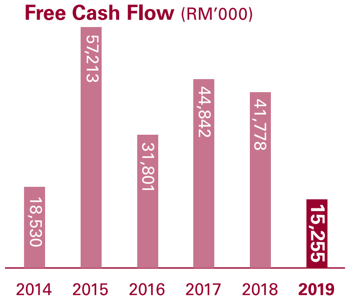
Gross DPS (Sen)



Profit After Income Tax (RM'000)



Free Cash Flow (RM'000)



DATO' AZMAN BIN MAHMOOD

69 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 began his career with Lim, Ali & Co., an auditing firm based in Johor from 1975 to 1978. He later worked with RD Neville & Co., a firm of Chartered Accountants in Essex, England up to 1980. From 1981 to 1983, he worked for MMC Services Limited, London, a subsidiary of Malaysian Mining Corporation Berhad. In 1983, he was the Senior Manager of MUI Bank Berhad (now known as Hong Leong Bank Berhad). From 1983 to 1990, he was in charge of the Finance Division of Kumpulan Perangsang Selangor Berhad. From 1990 to 1996, he was the Managing Director of Worldwide Holdings Berhad, after which he was appointed as the Chairman of Fine Access Sdn. Bhd., an investment holding company with interest in property development business in Kuala Lumpur and Klang Valley.

Currently, he is an Independent Non-Executive Chairman of iStone Group Berhad and Independent Non-Executive Director of Jaks Resources Berhad.

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

TAN SRI DATO' SRI KOH KIN LIP

71 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 the 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 Berhad and Senior Independent Non-Executive Director of IOI Properties Group Berhad.

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

72 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 directorships 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

67 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 holds other directorships 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.

LAU PAK LAM

62 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 directorships 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

55 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 directorships 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 @ CHOW TUCK KWAN

67 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 and has more than 30 years of practical experience in the same field. He is also a Malaysian Insurance Institute Certified Trainer.

He was a council member of the Malaysian Institute of Accountants from 1987 to 1994. Currently, he serves as a Trustee for the Malaysian Accountancy Research and Education Foundation. He was also a council member of the Malaysian Institute of Taxation since 1991 to 2014.

He is a Senior Independent Non-Executive Director of Hai-O Enterprise Berhad and holds directorships in several other private limited companies.

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

LIM YEW HOE

54 years of age, Male, Singaporean
Non-Independent Non-Executive Director

He was appointed to the Board on 1 October 2015. He holds a Bachelor of Science (Estate Management) degree from the National University of Singapore and a MBA (Banking & Finance) from Nanyang Technological University.

He began his career with Civil Aviation Authority of Singapore by taking up various roles in research and performance horticulture and estate management. He joined the Asia Pacific Breweries Limited (now known as Heineken Asia MTN Pte Ltd) group in 1997 as a Project Manager and had held a number of senior positions within the group and was the Managing Director of Asia Pacific Brewery (Hanoi) Limited. He was appointed as the Chief Executive Officer of Fraser & Neave Holdings Berhad on 1 December 2014.

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

TAI CHUN WAH

53 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 Cocoaland 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 Cocoaland 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 Cocoaland Group of Companies.

SOH SWEE HOCK @ SOH SAY HOCK

58 years of age, Male, Malaysian
Non-Independent Non-Executive Director

He was appointed to the Board on 1 December 2010. He holds a Masters 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 CHENG YEW

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

Lau Cheng Yew was appointed Alternate Director to Lim Yew Hoe on 1 April 2017. He holds the Certificate in Marketing Management from Universiti Teknologi MARA (formerly known as Institut Teknologi MARA).

He has over 31 years' experience in Sales, Marketing & Business Development in various industries. He started his first career at Rothmans of Pall Mall (M) Sdn. Bhd. and subsequently progressed further with Sebor Marketing & Service (Sarawak) Sdn. Bhd. and Diethelm (M) Sdn. Bhd. He is currently the Director - Property & Integrated Projects of F&N Group.

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
74 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
71 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 holds other directorships 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.

LAU KWAI CHOON

59 years of age, Male, Malaysian

He was appointed as a Director of Cocoaland 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 holds other directorships 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.

TAN CHONG HIN

60 years of age, Male, Malaysian

He was appointed as the General Manager of beverage sales division of L.B. Food Sdn. Bhd. on 9 December 2010. He holds Master degree in Business Administration from Charles Stuart University, Australia and double post-graduate Diploma in Sales and Marketing Management.

He has acquired more than 20 years of working experience in a variety of management and development functions especially in FMCG like supply and logistic operations, distribution, sales, marketing and general management. Prior to this, he had served in various executive positions at established organizations.

He does not have any family relationship with any director and/or major shareholder of the Company.

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.*

FINANCIAL REVIEW

Cocoaland Holdings Berhad ("Cocoaland" or the "Group") posted a slight increase in revenue of RM254.1 million for the financial year ended 31 December 2019 ("FY2019") compared to the RM253.8 million recorded in the preceding year's financial year ended 31 December 2018 ("FY2018") on rising demand for gummy products especially from the overseas markets and chocolate products from the domestic market. However, the improved demand for gummy and chocolate products was offset by a decline in demand from the beverage segment under the Contract Manufacturing Business, which saw two manufacturing contracts expire at the end of 2018.

The Group's Profit Before Tax ("PBT") of RM47.3 million was up 18.8% compared to the RM39.8 million of the previous year's corresponding period mainly due to a reduction in labour cost and factory overheads stemming from the cost rationalisation strategy along with lower advertising expenditure for products and higher gains from foreign currency. Cocoaland's Profit After Tax ("PAT") of RM35.7 million was 15.5% higher than the RM30.9 million of the previous year's corresponding period.

The performance of the Group in FY2019 was reflective of the increased uncertainties brought on by the downturn in the global economy and the generally weaker consumer sentiments. A number of factors helped sustain the business and mitigated the challenges, such as higher margins from better product sales mix and improved performance due to lower labour cost and lower sugar price.

Earnings per share stood at 15.6 sen for the financial year under review compared to 13.5 sen in the FY2018. The Group remains financially healthy in respect of the consolidated statements of financial position for FY2019 where cash position comprising cash and cash equivalents stood at RM68.3 million as at 31 December 2019.

OPERATIONS REVIEW BY BUSINESS SEGMENT

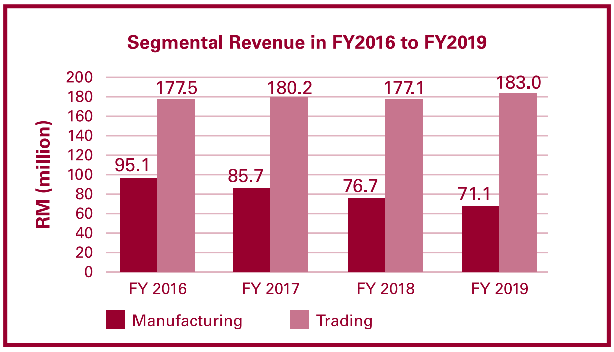
The Group's business segments are as follows:

Manufacturing Segment

The segment posted RM71.1 million in revenue for FY2019, a decrease of 7.3% compared to the RM76.7 million of the previous year's corresponding period due to the expiry of two manufacturing contracts in the beverage segment under the Contract Manufacturing Business and lower demand in the hard candy segment. The revenue decline was partially offset by rising demand for gummy products from the overseas markets while the higher PBT compared to the same period of the preceding year was mainly due to higher profit margins earned from product sales mix, lower labour cost as well as factory overheads and higher gains from foreign currency exchange.

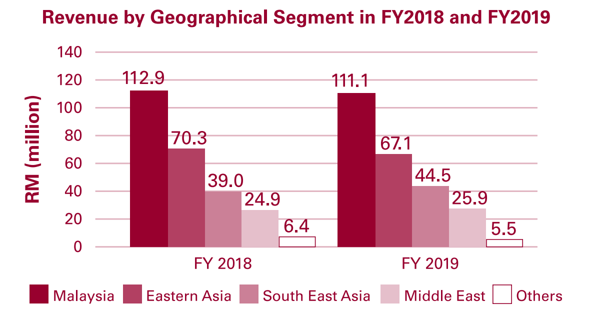
Trading Segment

Higher demand from the domestic and overseas markets especially for gummy and chocolate products boosted revenue for the trading segment to RM183.0 million for FY2019, an increase of 3.3% compared to the RM177.1 million posted in FY2018. The lower PBT was mainly due to the impact of the Sales and Service Tax imposed on purchases as well as higher expenses for product exhibition and promotion purposes.



OPERATIONS REVIEW BY GEOGRAPHICAL SEGMENT

The South East Asia and Middle East markets were the segments that performed in the financial year under review especially in the Philippines and Oman. The uncertainties surrounding the global trading landscape led to the drop in the Eastern Asia market, especially Hong Kong where retail sales weakened although consumer sentiment challenging while thrifty spending marked the domestic market, where retail sales growth has been weak amid poor consumer sentiment.



SHARE PRICE PERFORMANCE

The share price of Cocoaland closed at RM1.97 on 31 December 2019, with a total market capitalisation of RM450.7 million. The year's high stood at RM2.21 while the year's low stood at RM1.80. The average daily trading volume stood at 38,188 units.

DIVIDEND

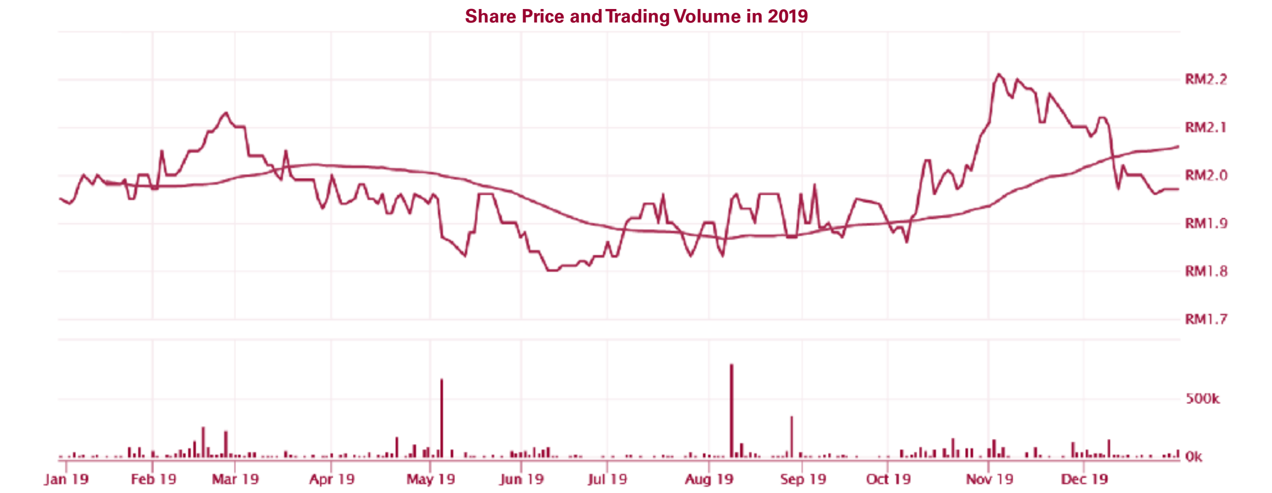
Cocoaland does not have a dividend policy in place but the average pay-out over the past 10 years has stood at 68%. The Group declared a total dividend of 10 sen per ordinary share, on 228,800,000 ordinary shares for FY2019 amounting to RM22.880 million, paid on 24 December 2019.

ANTICIPATED BUSINESS RISKS

The Group is subject to the usual commercial risks and uncertainties from operations that may potentially influence the operating performance of the Group. A number of these potential risks and uncertainties that could have a material adverse effect on the business are as follows:

(a) **Market competition**
The Group is principally involved in the manufacturing and marketing of food and beverage products. The group continues to experience competition from local and overseas rivals. However, the Group believes it has an edge over its competitors as it can provide products with high market acceptance, has a reliability of deliveries, and further improve the efficiency and cost structure of the products.

(b) **Volatility in raw materials prices**
The Group's raw materials are primarily gelatin and sugar and its price is dependent upon global



Source: The Wall Street Journal

demand and supply situation. A shortage of supply may increase the pricing of these raw materials. The Group endeavours to maintain a long-term relationship with suppliers to ensure constant and reliable deliveries and also to obtain its purchases at competitive rates.

(c) Volatility in currency exchange rates

The Group's raw material being primarily gelatin is imported and priced in USD thus subjecting the Group to currency exchange risk. However, the Group's export revenue is dominated in USD and provides a natural hedge for its USD requirements which mitigates the risk arises from foreign currency. In addition, the Group also expects to be able to pass the costs of the volatility of the USD to its customers thus further reducing its exposure to currency exchange risk.

BUSINESS OUTLOOK

The global economy grew at a more moderate pace in the fourth quarter of 2019. Unquestionably, export in Asian economies contracted in the fourth quarter, indicating weaknesses in external demand and effects from the on-going trade tensions between the US and China.

The prospects for 2020 has turned out to be even more challenging than 2019 given the COVID-19 outbreak had prolonged and caused a wider and deeper impact on the global economy through second-round effects that will affect consumer sentiment. The pandemic has caused a global economy slowdown and affected all forms of business worldwide.

Looking at the outlook of demands since the spike in the pandemic in March, it is expected that Malaysia's gross domestic product ("GDP") is to drop down to -2.0% to 0.5% as compared to 4.3% in 2019 in accordance to Bank Negara Malaysia. With the collapse in oil prices and the uncertainties on how long the pandemic will last affecting the length of our movement control order ("MCO"), many businesses outside essential needs are put to a complete stop throughout the period.

Cocoaland services are categorized under essential needs as it provides consumers forms of food and drinks and therefore, do not have its operations stopped during the period. Cocoaland has had a strong line of customers' demand for the gummy product and currently, there is an additional line for gummy production expected to be completed in the fourth quarter of 2020. The additional line for gummy production will cater the contemporary market who are much more health conscious.

Moving forward, Cocoaland is cognisant of the risks going into 2020 from the COVID-19 pandemic outbreak but is also watchful for the opportunities that can arise in a volatile landscape. The Group has been on a steady trajectory sustained by organic growth but is looking to partner, enter into a joint venture or acquire a business where there is synergy and complementing 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 our endeavours to continuously improve across the Economic, Environmental and Social ("EES") pillars of sustainability.

SCOPE AND REPORTING BOUNDARY

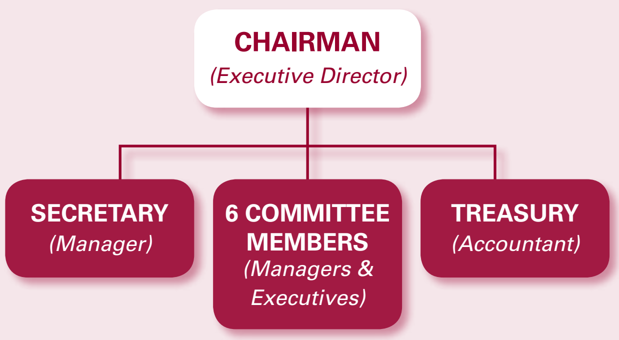
Our sustainability statement covers the Group's efforts and initiatives undertaken within our financial year ended ("FYE") 31 December 2019. The Group has in place sustainability measures that it strives on a day-to-day basis to uphold based upon the practices recommended by Bursa Malaysia's Sustainability Reporting Guide, which was first published in 2015 and revised in 2018. This statement covers the overall EES performance of all the operating divisions of Cocoaland in Malaysia. They account for 96% of the Group's total revenue in financial year 2019 ("FY2019").

SUSTAINABILITY APPROACH

Cocoaland is a leading maker of confectionary, 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. As such, the Group is mindful of the impact its operations may have on the environment, community and markets it operates in.

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

The SHE committee comes up with an annual assessment known as the Safety, Health and Environment Objective Framework to ensure that measures are up to date and that employees are informed of the ethical practices that they must adhere to across the Group's supply chain.



Year 2019 - Organisation Chart CSR Committee

Year 2019 - Organisation Chart SHE Committee

STAKEHOLDER ENGAGEMENT

Cocoaland strives for ethical and open interactions with our internal and external stakeholders as we believe such engagements drives the continuous growth of our business. The following presents identified key stakeholder groups, a non-exhaustive list of their areas of interest and our various forms of engagement with them.

Stakeholder Group	Areas of Concern	Engagement Approaches
Employees	• Business ethics and code of conduct • Circulation of internal policies • Workplace safety • Performance management • Career development • Learning and development • Employees satisfaction • Working environment • Competitive remuneration benefits	• Meetings/ briefings • Performance appraisal system • Product knowledge sharing programmes • On-going training programmes • Team building activities • Company annual dinner • Social activities organised by Group CSR committee • Communication/ feedback through the Group social network
Distributors and Customers	• Product quality and affordability • Support service • Branding • Engagement of opportunities and platform • Customer-company relationship	• Product standards and certification • Feedback and enquiry forms • Trade fairs and exhibitions • Social media platforms • Contract negotiation • Corporate website
Government and Regulators	• Regulatory compliance • Approval and permits • Occupational safety and health • Environmental management and compliance	• Audit and verification • Regular inspection by local authority • Training programmes and dialogue • Meeting with managers and local regulators
Shareholders and Investors	• Sustainable income distribution • Corporate governance • Group financial performance • Instant corporate exercise information • Investor relationship management • Business strategies • Risk management	• Annual General Meeting • Extraordinary General Meeting • Quarterly results and annual report • Public announcement • Corporate website and social media • Investors meetings and briefings
Suppliers	• Transparent procurement practices • Safety compliance	• Evaluation and performances review • Factory visits and field audit on suppliers
Local Communities	• Investments for local welfare • Social contribution	• Press releases • Donation and sponsorships to local communities • Community programs
Media and Analysts	• Reputation and image • Business updates and corporate news	• Media releases • Interviews

OUR SUSTAINABILITY PRACTICES

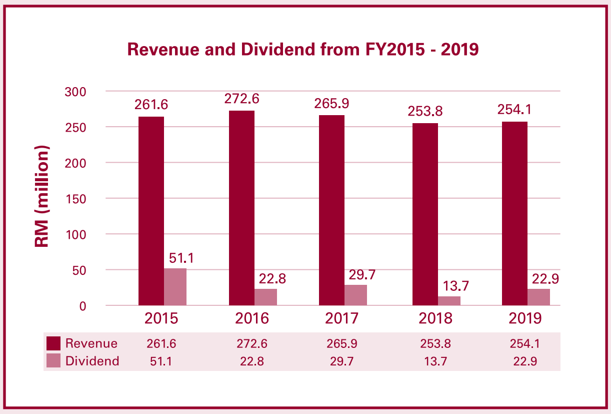
Cocoaland's management team is ever mindful of the dynamic landscape in which it operates in and assists the Board, which has oversight of the Group's sustainability initiatives, to implement measures. Regular meetings with representatives from each relevant department are held to discuss material issues and how sustainability initiatives can be embedded into daily operations.

Further, the Group also constantly engages with stakeholders to ensure that expectations are understood, concerns are taken care of and that the measures taken to ensure sustainability are monitored for progress. Initiatives on stakeholder engagements are illustrated below:

1. ECONOMIC SUSTAINABILITY PERFORMANCE

To ensure the Group remains competitive and delivers satisfactory financial performance together with dividends, there is a need to be nimble and understand the markets in which it operates in for in-house brands as well as OEM and ODM products. This includes recognizing key consumer trends, for example, a trend for less sugar content. Cocoaland has seized this opportunity by introducing products with less sugar content in addition to the existing range.

Throughout the years, Cocoaland has achieved satisfactory revenue growth and consistent dividend distribution to maximize our shareholders' wealth.



1.1 Product Portfolio Management

Given that sugar consumption in South East Asia including Malaysia exceeds levels recommended by the World Health Organisation, a trend for healthier living has taken hold with the introduction of a "less sugar" option for those who are more health conscious.

The Group has seized the opportunity by diversifying into new products in addition to the existing range in order to expand our market share that will ultimately contribute to revenue growth.

1.2 Competitive Advantage

In a consumer landscape replete with shifting demand and ever-changing trends for certain products, effective capital deployment is crucial to the Group's long-term sustainability and value creation.

For FY2019, gummy products comprised over 58% of the Group's product portfolio compared to 53% in FY2018. In response to the growing demand for gummies, especially from overseas markets, the Group has taken the step to expand production by constructing our fourth gummy production line on the vacant land at Lot28, which is expected to be complete in the fourth quarter of 2020.

1.3 Talent Management

Cocoaland recognises diversity as a basic tenet of our workplace. The Group provides fair and equal employment opportunities for all job applicants and employees regardless of race, colour, religion, sex, age, national origin, physical handicap or social status.

As at 31 December 2019, Cocoaland employs a total of 1,078 employees, comprising 440 local and 638 foreign employees.

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

In FY2019, 654 employees from executive and non-executive levels attended a total of 35 training courses (15 internal and 20 external) with a total duration of 327.5 training hours, comprising technical certifications, financial reporting, statutory compliances, safety and health, and soft skills.

Summary of trainings/ courses attended by employees in FY 2019:

No.	Training / Course Title	No. of Participants
Internal		
1	ISO 9001:2015 Awareness	30
2	ISO 9001: 2015 Internal Audit	29
3	HACCP Awareness	30
4	HACCP Internal Auditor	30
5	Halal Assurance Management System	26
6	Pest Control Training	54
7	Lean Manufacturing Awareness	30
8	Stock Control And Warehouse Management	29
9	Food Handling	175
10	First Aider & ERP	30
11	ISO 14001:2015 Internal Audit	30
12	Forklift Training	54
13	PPE for Working at Height Training (safety harness and mask)	6
14	Forklift Safety	54
15	Noise Awareness Training	21
External		
16	Manipulating Data Effectively with Microsoft Excel 2016	1
17	Manipulating Data Effectively with Microsoft Excel 2013	2
18	Product Labelling And Hands On	1
19	Understanding Measurement & Calibration System	1
20	Kursus Program Persijilan Juruteknik Bertauliah (CSTP) Sektor Penyejukbekuan dan Penyamanan Udara (RACS)	2
21	Transfer Pricing in Malaysia	1
22	Power Query: Transforming work processes in Microsoft Excel	1
23	Certificate Professional Halal Executive	1

24	Update of Food Act 1983	2
25	Technical Control of Activated Sludge	1
26	Overview of MFRS 15	1
27	CFO Conference 2019	1
28	Seminar Pengurusan Pekerja Asing	2
29	Food Allergens Seminar	1
30	Seminar Kesedaran MS ISO 45001:2018	1
31	FSMA Preventive Controls Qualified Individual	3
32	Effective Performance Management: Increasing Productivity, Delivering Results	1
33	Smart Analysis for Waste Water	1
34	Ergonomic Risk Assessment Guideline	1
35	Malaysia Vision Zero Conference 2019	1
	Total Participants	**654**

Besides training and skills development, workplace satisfaction and teamwork are also important. The Group fosters bi-lateral communication to enhance workplace collaboration as well as improve participants' ability to develop better problem-solving skills and enhance their interpersonal skills.

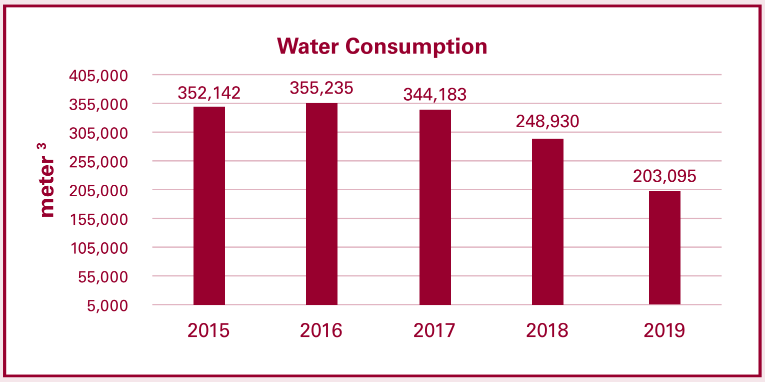
The annual dinner that is organised yearly by Cocoaland is an event where colleagues can come together to get to know each other better and instil a sense of belonging and teamwork. The annual dinner was held on 1 February 2019 at the Group's premises, with employees from various departments voluntarily contributing their time and effort to make it a success. The annual dinner is also a time for the Group to come together to build a spirit of collegiality among co-workers.

2. ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

The Group recognises that its manufacturing process consumes resources such as water, energy and product packaging, and is watchful of such usage, implementing conservation initiatives where applicable. These initiatives include conserving energy in the corporate offices and constantly looking for efficient and environmentally friendly ways of production.

2.1 Water Consumption & Management

In the matter of water usage, consolidated data from the Group's four manufacturing plants in Rawang and Kepong, one warehouse and offices showed that for 2019, water consumption stood at 203,095m^3 as compared to 309,217m^3 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.



Consolidated water consumption of all premises from year 2015 to 2019

2.2 Wastewater Treatment

Cocoaland's wastewater treatment has improved steadily with total wastewater volume of 34,243m³ as at 31 December 2019 compared to 34,055m³ in year 2018. The waste water generated from production sites are treated in wastewater treatment plants ("WWTPs") before release into the drainage system. Water samples from the Group's three main WWTPs are regularly tested and monitored to ensure quality of final water discharged from all WWTPs comply within the parameters of Malaysian Standard A, specified by the Department of Environment Malaysia ("DOE"). DOE has inspected and performed final discharge samplings in Cocoaland's WWTP at Lot 100, Lot 5 & Lot 88. 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 – 7.50m
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 2019 are as below:

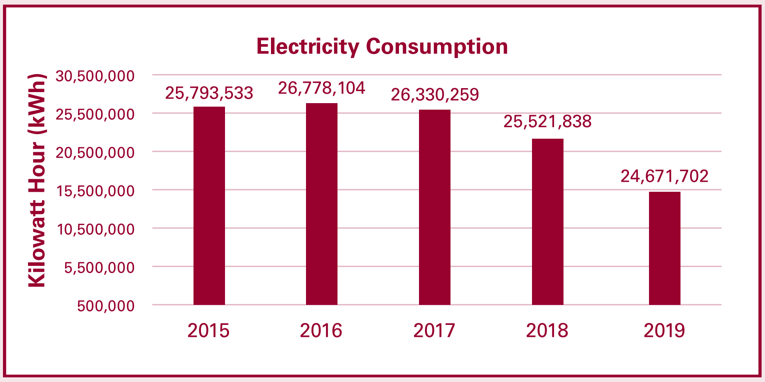
Average COD (PPM)		
	2018	**2019**
Lot 5	40	24
Lot 88	38	20
Lot 100	32	22

2.3 Energy Consumption & Management

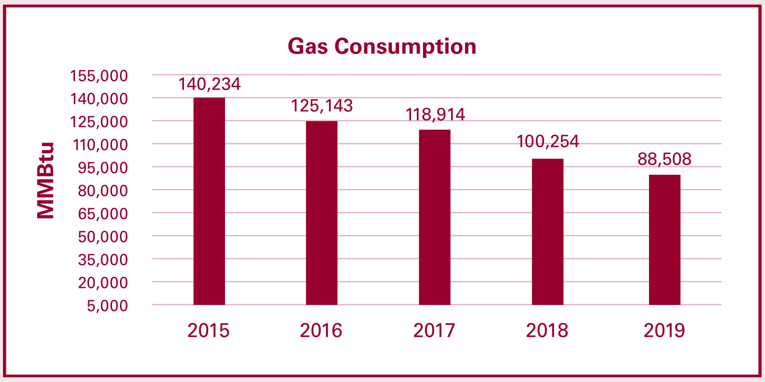
Cocoaland recognises that energy has implications on the environment and the Group is committed to sound energy management to address energy conservation and energy efficiency matters. Daily energy savings practices observed by all employees includes switching off lights and other unnecessary receptable loads after office hours and during lunch hours, where possible.

In 2019, Cocoaland continues to implement energy saving measures in the production plants as follows:

- Retrofit lighting system by replacing fluorescent lights with Light Emitting Diode ("LED").
- Chiller system optimisation by replacing air cooled chiller with water cooled chiller.
- Pump optimisation by installing Variable Speed Drive ("VSD") to control variable chilled water demand.
- Compressed air optimisation by carrying out compressed air energy audit to reduce compressed air leakage and optimise compressed air usage in plants.
- Heating and cooling system optimisation by improving and maintaining the chilled water and hot water pipes insulation to prevent heat loss.
- Electrical motor optimisation by replacing standard motor (IE1) with high efficiency motor (IE2 or IE3) for bigger size motor (>37kW) operating 16 hours and above per day.



Consolidated electricity consumption of all premises from year 2015 to 2019



Consolidated gas consumption of all premises from year 2015 to 2019

2.4 Paper Consumption & Management

Employees at Cocoaland are encouraged to reduce paper waste through optimising digital correspondence, minimising printing of e-mails or documents and select double-sided printing or photocopying. As an added measure, the Human Resources and Administration department monitors paper requisition by departments.

Year	Total Reams
2017	2,100
2018	1,950
2019	1,880

2.5 Waste Management

As a responsible corporate citizen and manufacturer of food and beverage products, Cocoaland strictly complies with Malaysia's Food Regulations 1985. There is no re-use of any ingredient in the manufacturing process as the Group believes in food safety and hygiene while materials are segregated before disposal.

Recyclable items, for instance plastics, metal, paper, cartons, oil, rejected food items and others are sorted according to their type categories and collected by scrap vendors for recycling purpose. In 2019, a total of 699,914 kilograms of scrap material were sold to these vendors.

Scrap Sold / Recycled	
Year	Volume (Kg)
2017	865,480
2018	903,030
2019	699,914

3. SOCIAL SUSTAINABILITY PERFORMANCE

3.1 Code of Conduct

Cocoaland believes that business should be conducted in an ethical and transparent way throughout the supply-chain and which reflects the values of the Group. Besides a Code of Ethical Business Conduct, there is also an avenue for whistleblowing for employees and external stakeholders. The Group notes that there were no reportable cases in FY2019.

3.2 Workplace

Workplace safety is important and the SHE Department constantly monitors and maintains the Group's safety and health standards through standard operating policy briefings and internal training. The Group was awarded "Cemerlang" by the Department of Occupational Safety and Health Malaysia ("DOSH") for its 'Systematic Occupational Health Enhancement Level Programme' ("SOHELP") in 2018. Assessment is performed annually to ensure the Group maintains optimum level of workplace safety according to the requirement of DOSH.

The Group participated in the Workplace Accident Free Week 2019 organised by DOSH from 7 July to 13 July 2019. The programme aims to increase participation of companies in the Occupational Safety Health Workplace Assessment and Workplace Audit, increase levels of physical safety and health at the workplace and encourage self-assessment of workplaces to identify hazards.

On 15 November 2019, Cocoaland organised an Emergency Response Preparedness ("ERP") Tournament to assess the ability of ERP team members in handling fire-fighting equipment and victims during emergency situations. Team members from various departments collaborated and tested their skills in the tournament.

3.3 Community

Cocoaland strives to be a good corporate citizen by acting in an ethical way not only in its business dealings but also in its relations with the wider community.

On 9 October 2019, the Group CSR Committee organised a Blood Donation Campaign in collaboration with National Blood Centre (Pusat Darah Negara) to encourage people to donate blood. The event was successful with approximately 102 people attending and donating 62 bags of blood. This campaign helps to foster better community relations and acknowledges the community that has supported Cocoaland over the years.

Cocoaland also acknowledges the importance of health as an integral part of sustainability. On 16 December 2019, the CSR Committee in collaboration with the National Kidney Foundation ("NKF") organised a free health screenings and counselling sessions for Malaysian employees.

In conjunction with this health screening, the CSR committee also invited National Transplant Resource Centre ("NTRC") under the Ministry of Health Malaysia ("MOH") to set up an organ donation registration counter. Interested employees were able to access information on being a donor as well as register as donors. A total of 10 employees pledge as organ donors.

Aside from organised activities, Cocoaland also gives back to the community in the form of product sponsorships for schools and organisations. In FY2019, Cocoaland contributed RM463,166 worth of products to primary schools, secondary schools and higher institutions of education. The contribution details by category are as listed below:

No.	Receiver by Categories	Value (RM)
1	Kindergarten and primary schools	441,152
2	Secondary schools	4,248
3	Colleges and universities	12,817
4	Charity events	4,949
	Total Contribution	**463,166**

The Group will continue to develop the existing sustainability strategy while at the same time ensure that all business decisions that it makes embraces EES principles across the value chain, from raw materials to the consumers.

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 2019 ("FYE 2019").

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 unbias 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;

(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 MCCG.

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 2019, please refer to the ARMC Report on pages 40 to 41 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 2019, 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

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 2019 are categorised as follows:

Group	Fee RM'000	Salaries, emoluments and statutory contribution(i) RM'000	Bonuses RM'000	Benefits in-kind(ii) RM'000	Total RM'000
Non-Executive Directors:					
Dato' Azman bin Mahmood	81	-	-	3	84
Tan Sri Dato' Sri Koh Kin Lip	56	-	-	5	61
Chow Kee Kan @ Chow Tuck Kwan	55	-	-	5	60
Lim Yew Hoe	42	-	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
Executive Directors:					
Liew Fook Meng	36	1,348	176	5	1,565
Lau Kee Von	36	1,375	181	2	1,594
Lau Pak Lam	36	1,375	181	2	1,594
Lau Kim Chew	36	1,262	158	2	1,458
Tai Chun Wah	36	1,134	136	5	1,311
Total	**456**	**6,494**	**832**	**36**	**7,818**

Company	Fee RM'000	Salaries, emoluments and statutory contribution(i) RM'000	Bonuses RM'000	Benefits in-kind(ii) RM'000	Total RM'000
Non-Executive Directors:					
Dato' Azman bin Mahmood	81	-	-	3	84
Tan Sri Dato' Sri Koh Kin Lip	56	-	-	5	61
Chow Kee Kan @ Chow Tuck Kwan	55	-	-	5	60
Lim Yew Hoe	42	-	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
Executive Directors:					
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
Total	**456**	**-**	**-**	**36**	**492**

Notes:
(i.) Emoluments comprised share grant benefits, provision of company motor vehicle, petrol allowance, insurance and phone bill. Statutory contributions comprised EPF.
(ii.) Benefits-in-kind comprised meeting allowance.

The Board has chosen to disclose the remuneration of the top (4) 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 (4) senior management staff whose total remuneration falls within the following bands are:

Range of Remuneration	Number of Senior Management Staff
Below RM300,000	1
RM700,001 – RM750,000	1
RM800,001 – RM850,000	1
RM850,001 – RM900,000	1

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

Roles of the Chairman and Executive Directors

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

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.

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

Anti-Bribery and Corruption Policy

The Group has established and implemented policies and procedures to prevent corrupt 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

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's Sri Koh Kin Lip has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) 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;

- 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) Dato' Azman bin Mahmood
(ii) Mr. Liew Fook Meng
(iii) Mr. Soh Swee Hock @ Soh Say Hock

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.

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 2019 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	3/4
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
Tai Chun Wah	4/4
Lau Kim Chew	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 2019. 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
Dato' Azman Bin Mahmood	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Directors' Continuing Education Programme 2019	12 September 2019
Tan Sri Dato' Sri Koh Kin Lip	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Maybank Premier Market Talk 2019 • Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Directors' Continuing Education Programme 2019 • Evaluating Effective Internal Audit Function • 2020 Budget and Tax Conference	23 January 2019 2 May 2019 12 September 2019 15 October 2019 30 October 2019
Liew Fook Meng	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019	23 January 2019 12 September 2019

Lau Kee Von	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019	23 January 2019 12 September 2019
Lau Pak Lam	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019	23 January 2019 12 September 2019
Tai Chun Wah	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • CFO Conference 2019 • Effective Performance Management: Increasing Productivity, Delivering Results	23 January 2019 13 June 2019 19-20 November 2019
Chow Kee Kan @ Chow Tuck Kwan	• Managing Tax Audits and Investigations • Malaysian Property Tax, Income Tax, Estates & Trusts	28 February 2019 25 March 2019
Lim Yew Hoe	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019 • Thaibev Group Conference 2019	23 January 2019 12 September 2019 2-3 October 2019
Soh Swee Hock @ Soh Say Hock	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019	12 September 2019
Lau Cheng Yew	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2019	12 September 2019
Lau Kim Chew	• Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Talk entitled "Diabetes and its complications. How can we help to reduce it?" • Joint Fraser & Neave Holdings Berhad And Cocoaland Holdings Berhad Directors' Continuing Education Programme 2019	23 January 2019 12 September 2019

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.

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 37 to 39 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 35 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

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 28 May 2020.

Additional **Compliance Information**

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2019.

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 2019 were RM20,000 and RM129,019 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 2019 were RM5,000.

3. Material Contracts

There were no material contracts entered into by the Company and / or its subsidiaries 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 pages 92 to 93 of the financial statements of the 2019 Annual Report.

The Company had on 6 April 2020 announced to Bursa Malaysia Securities Berhad on the renewal of shareholders' mandate for recurrent related party transactions ("RRPT") of a revenue or trading nature entered/to be entered into from forthcoming AGM until the next AGM.

The Company will, at the forthcoming AGM, seek shareholders' approval for the RRPTs entered into from forthcoming AGM until the next AGM.

Statement On
Risk Management And Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 ("MCCG") requires the Board of listed companies to maintain a sound risk management framework and internal control system to safeguard the shareholders' investments and the Companies' assets.

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities ("MMLR") and guided by the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers ("the Guidelines") , the Board of Directors of Cocoaland Holdings Berhad ("CHB") is pleased to present the following Statement on the Risk Management and Internal Control of the Group and its operating subsidiaries for the financial year ended 31 December 2019 and up to the date of approval of this statement.

BOARD RESPONSIBILITY

The Board of Directors ("Board") affirms the overall responsibility for maintaining a sound risk management and internal control system as well as reviewing their adequacy and effectiveness in order to safeguard the shareholders' investment and assets of the Group.

In view of the limitations inherent in any system of internal controls, the system is designed to identify, assess and manage principal risks rather than eliminate risks that may impede the achievement of business objectives. Thus, it can only provide a reasonable rather than absolute assurance against material misstatement of management and financial information and records or against any loss and fraud.

The Board regards risk management as an integral part of all business operations. Hence the Board explicitly assumes the responsibility of identifying principal risks and ensures the implementation of a dynamic system to manage risk exposure within the acceptable level of tolerance and in line with the risk management policy, describing the Group's commitment to embedding risk management into its processes and structure to create and maintain an environment that enables the Group to meet performance objectives.

The Board has established an ongoing process for identifying, evaluating and managing the principal risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines.

After balancing risk and return in business decision making, the Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

RISK MANAGEMENT

The Board through its Audit and Risk Management Committee ("ARMC") maintains overall for risk oversight within the Group and ensure the adequacy and integrity of the risk management and internal control system are in place. To fulfil its oversight responsibility, the Risk Steering Committee ("RSC") assists the Board in implementing the process of identifying, evaluating and managing principal risks applicable to their respective areas of business and formulating suitable internal controls to mitigate and control these risks.

The RSC is headed by an Executive Director with the assistance of the Accountant and Quality Compliance Manager as joint secretaries, and comprises other Executive and Non-Executive Directors, and Heads of Department to provide oversight and added impetus to the risk management process.

The RSC conducted two (2) risk management meetings annually to update, identify and manage all risks recorded in the risk register. Risk register contains risk profiles of the business operation within the Group that have been developed and communicated to the Board. The development of such risk profiles involves principal risk identification encountered by the Group's department. The score will be assigned to potential financial impact and likelihood of the risk occurred. The control effectiveness and the action plans are implemented to ensure these risks are within acceptable tolerance.

The Group's risk management policy and framework was established with reference to ISO 31000 Risk Management Principles and Guidelines. The policy is further enhanced by the adoption and integration of quality management system ISO 9001: 2015 into the Group to ensure a more practical and comprehensive approach in identifying, evaluating, managing and reporting the principal risks of the Group.

INTERNAL CONTROL

The Board understands a sound system of internal control should be embedded in the operations of the Group and form part of its culture. This system should be capable of responding quickly to evolving risks to the business arising from factors within the Group and changes in the business environment. It should include independent procedure for reporting immediately to appropriate levels of management any significant control weaknesses that are identified together with details of corrective action being taken.

ARMC is assisted by the outsourced internal auditor, performs the duty of evaluating and reviewing the adequacy and effectiveness of the Group's system of internal control.

Independent risk-based audit approach is adopted based on the audit plan to ensure the existing structure and operation of the risk and control framework across the Group is effective. The ARMC reviews the work of the Internal Audit function, including its audit plans and coverage, progress and reports issued.

KEY ELEMENTS OF INTERNAL CONTROL

1. Clearly defined organization structure, lines of responsibilities and of all job roles were established and formalised. Proper segregation of duties was applied and practiced throughout the Group.

2. The Board and Management set clearly defined responsibilities and delegation of authorities across all levels within the Group in the approved Chart of Authority.

3. Scheduled management meetings are held regularly to discuss and review business plans, group budget, financial and operational performance of business units. Each business unit is required to prepare annual budget to be tabled to the Board for approval.

4. Quarterly financial results are reviewed by the ARMC and approved by the Board upon recommendation of the ARMC before releasing to Bursa Securities.

5. The Code of Ethical and Business Conduct and Anti-bribery and Corruption Policy are established that define the ethical standards and business conduct all employees are obliged to abide.

6. Whistle-blowing Policy is implemented within the Group to provide appropriate communication and feedback channels which facilitate whistleblowing in a transparent and confidential manner to enable employees and stakeholders to raise genuine concerns over improper conduct.

7. Operational Committee ("OC") comprising executive directors, heads of departments and factory managers was established to ensure smooth operations and communications from operations to Management. The OC met with management on monthly basis to discuss issues faced by each department, action plans and follow-up on issues discussed formerly.

8. The Group's quality and internal control policies and procedures were documented under document control management and distribution system. This enabled the Group's key policies, rules, and regulations are circulated and communicated to all employees.

ASSURANCE FROM MANAGEMENT

The Board received a letter of assurance dated 26 February 2020 from the Executive Director and Finance Director that the Group's risk management and internal control system was operating adequately and effectively throughout the financial year.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities ("MMLR"), the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 December 2019. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control issued by the Malaysian Institute of Accountants. This does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

CONCLUSION

This Statement on Risk Management and Internal Control was made in accordance with a Board of Directors' resolution dated 28 May 2020.

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 2019.

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 2019, 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

Meetings and Attendance

A total of four (4) ARMC meetings were held during the financial year 2019. 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 2019. 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;

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:-

    - Production Planning and Management for OEM Products
    - Production Planning Management for In house Products
    - Production – Food Safety Management
    - Production Machinery and Equipment Maintenance Management
    - Post-Investment Management (Capital Expenditure)
    - 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 2019, the cost incurred for outsourcing of internal audit function was RM72,522.

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 2019, the Board is satisfied that the ARMC have carried out their duties in accordance with their Terms of Reference.

FINANCIAL STATEMENTS

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 2019.

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	35,732,051	23,835,620

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.

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
A first interim single-tier dividend of RM0.10 per ordinary share in respect of the financial year ended 31 December 2019 on 24 December 2019.	22,880,000

The Board of Directors does not recommend a final dividend to be paid in respect of the financial year ended 31 December 2019.

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:

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company				
Direct interests:				
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	-	260,100
Indirect interests:				
Tan Sri Dato' Sri Koh Kin Lip [a]	3,333,333	-	-	3,333,333
Liew Fook Meng [b]	87,046,628	-	-	87,046,628
Lau Kee Von [b]	87,046,628	-	-	87,046,628
Lau Pak Lam [b]	87,046,628	-	-	87,046,628

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

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act 2016 in Malaysia.

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.

SUBSEQUENT EVENT

The details of the subsequent event is disclosed in Note 35 to the financial statements.

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 28 May 2020.

……………………….. ………………………..

LIEW FOOK MENG **TAI CHUN WAH**

Kuala Lumpur

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 52 to 107 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 2019 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 28 May 2020.

…………………………..	…………………………..
LIEW FOOK MENG	**TAI CHUN WAH**

Kuala Lumpur

Statutory Declaration

Pursuant to Section 251(1) 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 52 to 107 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 28 May 2020)

....

TAI CHUN WAH

Before me,

No. W710
MOHAN A.S. MANIAM

....

Commissioner for Oaths

Independent Auditors' Report
to the members of Cocoaland 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 Cocoaland Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 52 to 107.

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 2019, 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' *Code of Ethics for Professional Accountants* ("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
Inventory valuation and provision The carrying amount of packing materials inventory of the Group as at 31 December 2019 is RM7,554,399. 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.	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. We have identified and assessed a sample of aged and obsolete inventory. We also analysed the level of slow-moving inventory and the associated provision.

Key audit matters	How we addressed the key audit matters
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. Refer to significant accounting estimates and judgement in Note 2(c) and the disclosures of inventories in Note 8 to the financial statements.	We have reviewed the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year. We have assessed the adequacy and reasonableness of the disclosures in the financial statements.
Impairment of trade and other receivables The Group has material credit exposures in its trade and other receivables amounting to RM69,849,850 as at 31 December 2019. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.	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. 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. 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 has been recovered. We also assessed the adequacy and reasonableness of the disclosures in the financial statements.

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.

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.

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, related safeguards.

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

28 May 2020

Statements Of Financial Position
as at 31 December 2019

	NOTE	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**63,037,243**	103,677,524	**-**	-
Investment properties	5	**1,637,805**	1,740,045	**-**	-
Right-of-use assets	6	**37,795,601**	-	**-**	-
Investment in subsidiary companies	7	**-**	-	**33,986,734**	34,332,168
		102,470,649	105,417,569	**33,986,734**	34,332,168
Current Assets					
Inventories	8	**35,099,064**	36,157,687	**-**	-
Trade receivables	9	**48,742,620**	43,696,703	**-**	-
Other receivables	10	**21,107,230**	8,164,821	**1,000**	1,000
Amounts due from subsidiary companies	11	**-**	-	**108,414,710**	107,023,080
Tax recoverable		**1,123,051**	1,364,886	**12,840**	62,814
Deposits, cash and bank balances	12	**85,329,726**	87,416,845	**2**	2
		191,401,691	176,800,942	**108,428,552**	107,086,896
Total Assets		**293,872,340**	282,218,511	**142,415,286**	141,419,064
EQUITY					
Share capital	13	**130,154,539**	130,154,539	**130,154,539**	130,154,539
Reserves	14	**118,889,267**	106,043,380	**11,756,942**	10,801,322
Total equity attributable to owners of the Company		**249,043,806**	236,197,919	**141,911,481**	140,955,861
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	15	**265,804**	-	**-**	-
Deferred tax liabilities	16	**5,905,678**	7,452,228	**-**	-
		6,171,482	7,452,228	**-**	-
Current Liabilities					
Bank borrowings	17	**5,843,427**	-	**-**	-
Trade payables	18	**20,329,363**	27,765,771	**-**	-
Other payables	19	**10,259,832**	10,273,789	**503,805**	463,203
Tax payable		**1,772,467**	528,804	**-**	-
Lease liabilities	15	**451,963**	-	**-**	-
		38,657,052	38,568,364	**503,805**	463,203
Total Liabilities		**44,828,534**	46,020,592	**503,805**	463,203
Total Equity and Liabilities		**293,872,340**	282,218,511	**142,415,286**	141,419,064

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 2019

		Group		Company	
	NOTE	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	20	**254,066,143**	253,819,040	**25,000,000**	20,000,000
Cost of sales		**(180,470,870)**	(186,026,026)	**-**	-
Gross profit		**73,595,273**	67,793,014	**25,000,000**	20,000,000
Other income	21	**10,045,883**	6,978,175	**-**	-
Net gain/(loss) on impairment of financial instruments	23	**577,482**	1,023,405	**(44,968)**	-
Distribution costs		**(12,663,384)**	(12,334,754)	**-**	-
Administrative expenses		**(24,218,407)**	(23,696,446)	**(1,119,262)**	(8,724,692)
Finance cost	22	**(21,268)**	-	**-**	-
Profit before taxation	23	**47,315,579**	39,763,394	**23,835,770**	11,275,308
Taxation	24	**(11,583,528)**	(8,837,247)	**(150)**	-
Profit for the financial year		**35,732,051**	30,926,147	**23,835,620**	11,275,308
Other comprehensive income/(loss):					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		**1,547**	(3,294)	**-**	-
Other comprehensive income/(loss) for the financial year		**1,547**	(3,294)	**-**	-
Total comprehensive income for the financial year		**35,733,598**	30,922,853	**23,835,620**	11,275,308
Profit for the financial year attributable to:					
Owners of the Company		**35,732,051**	30,926,147	**23,835,620**	11,275,308
Total comprehensive income attributable to:					
Owners of the Company		**35,733,598**	30,922,853	**23,835,620**	11,275,308
Earnings per share					
Basic and diluted earnings per ordinary share (sen)	26	**15.62**	13.52		

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

Statements Of Changes In Equity

for the financial year ended 31 December 2019

	NOTE	Share Capital RM	Exchange Translation Reserve RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company			
		Non-Distributable		Distributable	
Group					
At 1 January 2019, as previously reported		130,154,539	187,910	105,855,470	236,197,919
Effect of adopting MFRS 16	2(a)	-	-	(7,711)	(7,711)
At 1 January 2019, as restated		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
Total comprehensive income for the financial year		-	1,547	35,732,051	35,733,598
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend of RM0.10 each	30	-	-	(22,880,000)	(22,880,000)
Total transactions with owners of the Company		-	-	(22,880,000)	(22,880,000)
At 31 December 2019		130,154,539	189,457	118,699,810	249,043,806

	NOTE	Share Capital RM	Exchange Translation Reserve RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company			
		Non-Distributable		Distributable	
Group					
At 1 January 2018		130,154,539	191,204	118,401,323	248,747,066
Profit for the financial year		-	-	30,926,147	30,926,147
Exchange translation differences for foreign operations		-	(3,294)	-	(3,294)
Total comprehensive (loss)/ income for the financial year		-	(3,294)	30,926,147	30,922,853
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend of RM0.13 each	30	-	-	(29,744,000)	(29,744,000)
- Single tier dividend of RM0.06 each	30	-	-	(13,728,000)	(13,728,000)
Total transactions with owners of the Company		-	-	(43,472,000)	(43,472,000)
At 31 December 2018		130,154,539	187,910	105,855,470	236,197,919

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

	NOTE	← Non-Distributable → Share Capital RM	← Distributable → Retained Earnings RM	Total Equity RM
Company				
At 1 January 2019		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
Transactions with owners:				
Dividends to owners of the Company:				
- Single tier dividend of RM0.10 each	30	-	(22,880,000)	(22,880,000)
Total transactions with owners of the Company		-	(22,880,000)	(22,880,000)
At 31 December 2019		130,154,539	11,756,942	141,911,481

	NOTE	← Non-Distributable → Share Capital RM	← Distributable → Retained Earnings RM	Total Equity RM
Company				
At 1 January 2018		130,154,539	42,998,014	173,152,553
Profit for the financial year, representing total comprehensive income for the financial year		-	11,275,308	11,275,308
Transactions with owners:				
Dividends to owners of the Company:				
- Single tier dividend of RM0.13 each	30	-	(29,744,000)	(29,744,000)
- Single tier dividend of RM0.06 each	30	-	(13,728,000)	(13,728,000)
Total transactions with owners of the Company		-	(43,472,000)	(43,472,000)
At 31 December 2018		130,154,539	10,801,322	140,955,861

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

Statements Of Cash Flows

for the financial year ended 31 December 2019

	NOTE	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**47,315,579**	39,763,394	**23,835,770**	11,275,308
Adjustments for:					
Amortisation of:					
- Investment properties		**102,240**	-	**-**	-
- Right-of-use assets		**1,299,050**	-	**-**	-
Bad debts written off:					
- trade receivables		**453,115**	43,581	**-**	-
- former subsidiary company		**-**	-	**-**	173,341
Depreciation of property, plant and equipment		**9,973,985**	11,151,200	**-**	-
Dividend income		**-**	-	**(25,000,000)**	(20,000,000)
Gain on disposal of property, plant and equipment		**(143,995)**	(259,852)	**-**	-
Impairment loss on investment in a subsidiary company		**-**	-	**345,434**	-
Impairment loss on trade receivables		**623,602**	-	**-**	-
Impairment loss on amount due from a subsidiary company		**-**	-	**44,968**	-
Inventories written off		**315,439**	300,330	**-**	-
Inventories written down		**397,427**	1,301,100	**-**	-
Interest income		**(3,361,185)**	(2,751,765)	**-**	-
Interest expense		**21,268**	-	**-**	-
Loss on disposal of a subsidiary company		**-**	52,379	**-**	7,819,164
Over provision of commission expenses		**-**	(415,177)	**-**	-
Property, plant and equipment written off		**16,752**	18,864	**-**	-
Reversal of impairment loss on trade receivables		**(1,201,084)**	(1,023,405)	**-**	-
Reversal of inventories written down		**(396,726)**	(955,172)	**-**	-
Unrealised gain on foreign exchange		**(84,903)**	(462,851)	**-**	-
Unrealised loss on foreign exchange		**161,484**	504,076	**-**	-
Waiver of debts on trade payables		**-**	(35,708)	**-**	-
Waiver of debts on other payables		**(285,902)**	(8,115)	**-**	-
Operating profit/(loss) before working capital changes		**55,206,146**	47,222,879	**(773,828)**	(732,187)
Changes in working capital:					
Inventories		**659,168**	(1,184,882)	**-**	-
Subsidiary companies		**-**	-	**(1,436,598)**	22,785,649
Receivables		**(17,873,909)**	1,326,479	**-**	-
Payables		**(7,241,299)**	7,400,577	**40,602**	(50,434)
		(24,456,040)	7,542,174	**(1,395,996)**	22,735,215
Cash generated from/(used in) operations		**30,750,106**	54,765,053	**(2,169,824)**	22,003,028

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

	NOTE	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Dividend received		-	-	**25,000,000**	20,000,000
Interest received		**3,361,185**	2,751,765	**-**	-
Interest paid		**(21,268)**	-	**-**	-
Tax refund		**1,537,051**	42,135	**62,664**	-
Tax paid		**(13,181,631)**	(11,986,770)	**(12,840)**	(22,664)
		(8,304,663)	(9,192,870)	**25,049,824**	19,977,336
Net cash from operating activities		**22,445,443**	45,572,183	**22,880,000**	41,980,364
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceed from disposal of property, plant and equipment		**144,002**	332,393	**-**	-
Purchase of property, plant and equipment		**(7,191,307)**	(3,795,455)	**-**	-
Proceed from disposal of a subsidiary company	7(a)	**-**	-	**-**	1,492,000
Net cash inflow on disposal of a subsidiary company	7(a)	**-**	1,088,961	**-**	-
Investment in a subsidiary company		**-**	-	**-**	(364)
Decrease/(Increase) in fixed deposits with maturity more than three months		**17,911,706**	(20,243,828)	**-**	-
Net cash from/(used in) investing activities		**10,864,401**	(22,617,929)	**-**	1,491,636
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends Paid		**(22,880,000)**	(43,472,000)	**(22,880,000)**	(43,472,000)
Repayment of lease liabilities		**(544,160)**	-	**-**	-
Drawdown of letter of credit		**5,828,220**	-	**-**	-
Changes in fixed deposits pledge with licensed bank		**(6,625,126)**	-	**-**	-
Net cash used in financing activities		**(24,221,066)**	(43,472,000)	**(22,880,000)**	(43,472,000)
Net increase/(decrease) in cash and cash equivalents		**9,088,778**	(20,517,746)	**-**	-
Effect of exchange translation differences on cash and cash equivalents		**110,683**	74,032	**-**	-
Cash and cash equivalents at beginning of the financial year		**59,109,957**	79,553,671	**2**	2
Cash and cash equivalents at end of the financial year		**68,309,418**	59,109,957	**2**	2
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		**11,388,228**	17,973,066	**2**	2
Fixed deposits with licensed banks		**73,941,498**	69,443,779	**-**	-
		85,329,726	87,416,845	**2**	2
Less: Fixed deposits with maturity more than three months		**(10,395,182)**	(28,306,888)	**-**	-
Less: Fixed deposits pledged with licensed bank		**(6,625,126)**	-	**-**	-
		68,309,418	59,109,957	**2**	2

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

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 at Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.

The registered office of the Company is at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 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 new MFRSs, new interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle:	Amendments to MFRS 3 Amendments to MFRS 11 Amendments to MFRS 112 Amendments to MFRS 123

The adoption of the new MFRSs, new interpretations and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

MFRS 16 *Leases*

MFRS 16 , which upon the effective date will supersede MFRS 117 *Leases*, IC Interpretation 4 *Determine whether an Arrangement contains a Lease*, IC Interpretation 115 *Operating Leases – Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. MFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the ROU asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statements of cash flows.

The ROU asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the transitional provision of MFRS 16, the Group has elected to adopt a simplified transition approach where cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the ROU asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the lease asset and lease liability under MFRS 117 immediately before that date.

The Group has also applied the following practical expedients when applying MFRS 16 to lease previously classified as operating lease under MFRS 117:

- Applied a single discount rate to portfolio of leases with reasonably similar characteristics.
- No adjustments were made on transition for leases for which the underlying assets are of low value.
- Excluded initial direct costs from measuring the ROU assets at the date of initial application.
- The Group used hindsight in determining lease terms for contracts that contain options for extension or termination.

As a result, the leasehold land under property, plant and equipment classification have been reclassified to ROU assets on 1 January 2019 for the Group.

Impact arising from the adoption of MFRS 16 on the financial statements:

Statements of Financial Position

Group	**As at 31.12.2018 RM**	**MFRS 16 adjustments RM**	**As at 1.1.2019 RM**
Property, plant and equipment	103,677,524	(37,840,436)	65,837,088
Right-of-use assets	-	38,554,224	38,554,224
Lease liabilities	-	(721,499)	(721,499)
Retained earnings	(105,855,470)	7,711	(105,847,759)

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statements of financial position at 1 January 2019.

	Group RM
Operating lease commitments as at 31 December 2018	505,920
Discounted using the incremental borrowings rate at 1 January 2019	(505,920)
Add: Lease liabilities recognised upon initial adoption of lease definition under MFRS 16	213,833
Extension options reasonably certain to be exercised	507,666
Lease liability recognised as at 1 January 2019	721,499

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 3.20%.

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:

		Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
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 plan to apply the abovementioned accounting standards, and amendments from the annual period beginning on 1 January 2020 for those accounting standards and amendments that are effective for annual period beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17 *Insurance Contracts* that is effective for annual period beginning or after 1 January 2021 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.

(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.

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 of property, plant and equipment, amortisation of 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.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade receivables 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 and the Company'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 to the financial statements.

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 32(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 2019, the Group and the Company have tax recoverable of RM1,123,051 (2018: RM1,364,886) and RM12,840 (2018: RM62,814) respectively and tax payable of RM1,772,467 (2018: RM528,804) and RMNil (2018: RMNil) 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.

(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 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. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(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. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(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.

(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) to the financial statements on impairment of non-financial assets.

(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:

Freehold buildings	Over the remaining useful lives of between 24 to 43 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

Policy applicable from 1 January 2019

(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) to the financial statements of non-financial assets.

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:

Buildings	Over the remaining 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.

Policy applicable before 1 January 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases, the leased assets are not recognised on the statements of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. 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.

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

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. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

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. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(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.

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 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.

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.

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

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.

(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.

(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 sales or goods and service tax and service tax and discount, 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.

(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.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2019 Cost	Freehold land RM	Freehold buildings RM	Long-term 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 adpotion 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
Accumulated depreciation							
At 1 January, as previously stated	-	3,714,327	6,937,523	-	3,096,158	68,318,806	1,304,683
Effect of adpotion 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
Carrying amount							
At 31 December	23,083,855	9,538,966	-	4,932,450	1,149,669	11,455,995	887,487

Group 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 adpotion 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
Accumulated depreciation								
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 adpotion 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
Carrying amount								
At 31 December	120,689	36,864	356,310	1,090,936	392,570	9,986,439	5,013	63,037,243

Group 2018 Cost	**Freehold land RM**	**Freehold buildings RM**	**Short-term leasehold land and building RM**	**Long-term leasehold land and buildings RM**	**Buiding in Progress RM**	**Plant and machinery in progress RM**	**Motor vehicles RM**	**Plant and machinery RM**	**Office equipment RM**
At 1 January	23,083,855	13,553,760	2,729,680	45,226,484	-	1,188,067	4,432,868	95,116,233	2,292,891
Additions	-	-	-	-	109,926	25,600	731,629	690,532	152,989
Disposals	-	-	-	-	-	-	(386,795)	(587,510)	(11,408)
Written off	-	-	-	-	-	-	-	(25,300)	(29,814)
Reclassification	-	-	-	-	-	(1,213,667)	-	1,213,667	-
Transfer to investment property	-	-	(2,729,680)	-	-	-	-	-	-
Disposals of a subsidiary company	-	-	-	(448,801)	-	-	(13,000)	(11,602,206)	(145,760)
Exchange difference	-	-	-	-	-	-	15,502	(36)	(8,539)
At 31 December	23,083,855	13,553,760	-	44,777,683	109,926	-	4,780,204	84,805,380	2,250,359
Accumulated depreciation									
At 1 January	-	3,413,861	921,393	6,327,030	-	-	3,053,400	73,841,343	1,319,339
Charge for the financial year	-	300,466	68,242	971,022	-	-	425,948	5,459,790	128,248
Disposals	-	-	-	-	-	-	(370,594)	(587,508)	(1,579)
Written off	-	-	-	-	-	-	-	(18,308)	(24,205)
Transfer to investment property	-	-	(989,635)	-	-	-	-	-	-
Disposals of a subsidiary company	-	-	-	(360,529)	-	-	(7,366)	(10,376,501)	(115,578)
Exchange difference	-	-	-	-	-	-	(5,230)	(10)	(1,542)
At 31 December	-	3,714,327	-	6,937,523	-	-	3,096,158	68,318,806	1,304,683
Carrying amount									
At 31 December	23,083,855	9,839,433	-	37,840,160	109,926	-	1,684,046	16,486,574	945,676

Group 2018 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	619,294	906,305	1,204,474	8,615,320	1,384,133	40,299,805	30,532	240,683,701
Additions	10,976	4,146	38,335	11,230	145,521	1,874,571	-	3,795,455
Disposals	-	(91,135)	-	-	-	(23,000)	-	(1,099,848)
Written off	(1,010)	-	-	-	(2,120)	(8,808)	(1,349)	(68,401)
Reclassification	-	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	-	(2,729,680)
Disposals of a subsidiary company	(14,892)	-	(229,085)	(1,082,221)	-	(1,666,509)	-	(15,202,474)
Exchange difference	(223)	-	-	-	-	-	2,482	9,186
At 31 December	614,145	819,316	1,013,724	7,544,329	1,527,534	40,476,059	31,665	225,387,939
Accumulated depreciation								
At 1 January	441,369	796,402	938,475	7,109,440	894,503	26,995,290	24,403	126,076,248
Charge for the financial year	40,628	20,920	42,775	261,570	131,567	3,298,513	1,511	11,151,200
Disposals	-	(44,627)	-	-	-	(22,999)	-	(1,027,307)
Written off	(725)	-	-	-	(586)	(4,364)	(1,349)	(49,537)
Transfer to investment property	-	-	-	-	-	-	-	(989,635)
Disposals of a subsidiary company	(12,336)	-	(218,867)	(815,766)	-	(1,536,698)	-	(13,443,641)
Exchange difference	(33)	-	-	-	-	-	(98)	(6,913)
At 31 December	468,903	772,695	762,383	6,555,244	1,025,484	28,729,742	24,467	121,710,415
Carrying amount								
At 31 December	145,242	46,621	251,341	989,085	502,050	11,746,317	7,198	103,677,524

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, a short-term leasehold land and building were transferred from property, plant and equipment to investment property because the property was leased to a third party and was no longer used by the Group.

During the 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	
	2019 RM	2018 RM
At cost		
At 1 January	**2,729,680**	-
Transfer from property, plant and equipment (Note 4)	**-**	2,729,680
At 31 December	**2,729,680**	2,729,680
Accumulated amortisation		
At 1 January	**989,635**	-
Charge for the financial year	**102,240**	-
Transfer from property, plant and equipment (Note 4)	**-**	989,635
At 31 December	**1,091,875**	989,635
Carrying amount		
At 31 December	**1,637,805**	1,740,045
Fair value of investment properties		
At 31 December	**4,547,620**	2,743,700

(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.

In previous financial year, a short-term leasehold land and building had been transferred from property, plant and equipment to investment properties, since the short-term leasehold land and building were no longer used by the Group and leased to a third party.

(b) Income and expenses recognised in profit and loss

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

	Group	
	2019 RM	2018 RM
Rental income	**150,000**	25,000
Direct operating expenses	**(16,989)**	(22,570)

(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.

(d) The remaining lease period of the leasehold land and building of the Group is 27 years (2018: 28 years), which is expired on year 2046.

6. RIGHT-OF-USE ASSETS

Group	Leasehold land and buildings RM	Buildings RM	Total RM
Cost			
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
Accumulated amortisation			
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 to 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
Carrying amount			
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.

(b) The Group had entered into several operating lease agreements for the use of building. The leases are a period ranging from 2 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 59 to 95 years, which is expired from year 2078 to 2114.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2019 RM	Company 2018 RM
In Malaysia:		
At cost		
Unquoted shares	**33,858,836**	33,858,836
Outside Malaysia:		
At cost		
Unquoted shares	**623,027**	623,027
	34,481,863	34,481,863
Less: Accumulated impairment loss		
At 1 January	(149,695)	(149,695)
Impairment loss recognised	(345,434)	-
At 31 December	(495,129)	(149,695)
	33,986,734	34,332,168

During the current 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 RM345,434 (2018: RMNil) was recognised in "administrative expenses" during the financial year.

Details of the subsidiary companies are as follows:

Name of company	Place of business / Country of incorporation	Effective interest 2019 %	Effective interest 2018 %	Principal Activities
DIRECT HOLDING:				
Cocoaland Industry Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
L.B. Food Sdn. Bhd.	Malaysia	**100**	100	Wholesaling and retailing processed and preserved foods
Cocoaland Retail Sdn. Bhd.	Malaysia	**100**	100	Dormant
CCL Food & Beverage Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
Lot 100 Food Co. Ltd. *	China	**100**	100	Wholesaling, importing and exporting gummy products and other products
PT Cocoaland Indonesia *	Indonesia	**90**	90	Dormant
HELD THROUGH L.B. FOOD SDN. BHD.				
PT Cocoaland Indonesia *	Indonesia	**10**	10	Dormant

* Subsidiary companies not audited by UHY

Previous financial year

(a) Disposal of a subsidiary company

The Company disposed of its 100% equity interest in B Plus Q Sdn. Bhd. on 31 October 2018 for a total cash consideration of RM1,492,000. The subsidiary company was previously reported as part of the manufacturing segment.

The disposal had the following effects on the financial position of the Group as at the end of the financial year:

	2018 RM
Property, plant and equipment	1,758,833
Inventories	1,563,399
Trade receivables	612,305
Other receivables	126,520
Tax recoverable	33,408
Cash and bank balances	403,039
Trade payables	(2,015,801)
Other payables	(726,998)
Amount due to Directors	(210,326)
Total net assets disposed	1,544,379
Proceeds from disposal	(1,492,000)
Loss on disposal to the Group	52,379
Disposal proceeds settled by:	
Cash	1,492,000
Cash inflow arising on disposal:	
Cash consideration	1,492,000
Cash and cash equivalents of a subsidiary company disposed	(403,039)
Net cash inflow on disposal	1,088,961

8. INVENTORIES

	Group	
	2019 RM	2018 RM
Work-in-progress	**1,517,000**	1,465,000
Packing materials	**7,554,399**	9,513,737
Raw materials	**8,475,784**	8,692,274
Finished goods	**17,551,881**	16,486,676
	35,099,064	36,157,687
Recognised in profit or loss:		
Inventories recognised as cost of sales	**180,154,730**	185,379,768
Inventories written off	**315,439**	300,330
Inventories written down	**397,427**	1,301,100
Reversal of inventories written down	**(396,726)**	(955,172)

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

9. TRADE RECEIVABLES

	Group	
	2019 RM	**2018 RM**
Trade receivables	**49,458,138**	44,989,703
Less: Accumulated impairment losses	**(715,518)**	(1,293,000)
At 31 December	**48,742,620**	43,696,703

Trade receivables are non-interest bearing and are generally on cash to 90 days (2018: 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 RM1,930,764 (2018: RM954,974) due from a company with substantial financial interest over the Group. The amount is unsecured and non-interest bearing.

10. OTHER RECEIVABLES

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Other receivables	**172,003**	933,561	**-**	-
Deposits	**702,706**	566,839	**1,000**	1,000
Prepayments	**19,436,084**	5,440,172	**-**	-
GST receivables	**796,437**	1,224,249	**-**	-
	21,107,230	8,164,821	**1,000**	1,000

Included in prepayments at 31 December 2019 is an advance payment to purchase of plant and machinery to RM13,375,847 (2018: RM4,883,539).

11. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2019 RM	**2018 RM**
Amounts due from Subsidiary Companies		
-Trade-in-nature	**38,193,317**	107,023,080
- Non trade-in-nature	**70,266,361**	-
	108,459,678	107,023,080
Less: Accumulated impairment losses		
Trade-in-nature	**(44,968)**	-
	108,414,710	107,023,080

These represent unsecured, interest free and are repayable on demand, except for an amount of RM38,193,317 (2018: RM107,023,080) which had granted a credit term of 1 (2018: 1) day.

12. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	**11,388,228**	17,973,066	**2**	2
Fixed deposits with licensed banks:				
- maturity less than 3 months	**56,921,190**	41,136,891	**-**	-
- maturity more than 3 months	**10,395,182**	28,306,888	**-**	-
- Pledged to banking facilities	**6,625,126**	-	**-**	-
	85,329,726	87,416,845	**2**	2

The fixed deposits of the Group amounting to RM6,625,126 (2018: RMNil) is pledged to 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	
	2019	2018
<u>**Fixed deposits with licensed banks**</u>		
Interest rates per annum	**2.20% - 3.75%**	3.70% - 4.05%
Maturity periods	**1 - 6 months**	1 - 6 months

13. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
<u>Ordinary shares</u>				
At 1 January and 31 December	**228,800,000**	228,800,000	**130,154,539**	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.

14. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-distributable reserves				
Exchange translation reserve	**189,457**	187,910	**-**	-
	189,457	187,910	**-**	-
Distributable reserves				
Retained earnings	**118,699,810**	105,855,470	**11,756,942**	10,801,322
	118,889,267	106,043,380	**11,756,942**	10,801,322

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	
	2019 RM	2018 RM
At 1 January and previously stated	-	-
Effect of adoption of MFRS 16	721,499	-
At 1 January 2019, as restated	721,499	-
Addition	541,548	-
Payment	(544,160)	-
Exchange difference	(1,120)	-
At 31 December	717,767	-
Presented as:		
Non-current	265,804	-
Current	451,963	-
	717,767	-

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

	Group	
	2019 RM	2018 RM
Within one year	467,980	-
Later than one year and not later than two years	259,500	-
Later than two years and not later than five years	11,550	-
	739,030	-
Less: Future finance charges	(21,263)	-
Present value of lease liabilities	717,767	-

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

16. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	2018 RM
At 1 January	7,452,228	8,314,000
Recognised in profit or loss	(1,451,200)	(812,136)
Over provision in prior years	(95,350)	(49,636)
At 31 December	5,905,678	7,452,228

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

Deferred tax liabilities of the Group

	Accelerated Capital Allowances RM
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
At 1 January 2018	8,433,814
Recognised in profit or loss	(734,974)
Disposal of a subsidiary company	(196,976)
Over provision in prior years	(49,636)
At 31 December 2018	7,452,228

	Unutilised Capital Allowance RM	Unutilised Reinvestment Allowance RM	Total RM
At 1 January 2018	(54,255)	(65,559)	(119,814)
Recognised in profitor loss	(46,149)	(31,013)	(77,162)
Disposal of a subsidiary company	100,404	96,572	196,976
At 31 December 2018 and 1 January 2019/ 31 December 2019	-	-	-

17. BANK BORROWINGS

	Group	
	2019 RM	2018 RM
Secured		
Letter of credit	**5,843,427**	-
Current		
Letter of credit	**5,843,427**	-

Letter of credit

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

18. TRADE PAYABLES

Credit terms of trade payables of the Group ranged from 30 to 90 days (2018: 30 to 90 days) from date of invoice.

Included in trade payables of the Group is RM386,470 (2018: RM394,174) due from entities with substantial financial interest over the Group. The amount is unsecured and non-bearing interest.

19. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	**4,665,193**	4,113,391	**15,605**	18,203
Deposits	**37,500**	74,670	**-**	-
Accruals	**4,400,228**	5,020,172	**488,200**	445,000
Sales tax payable	**1,156,911**	1,065,556	**-**	-
	10,259,832	10,273,789	**503,805**	463,203

20. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:				
- Sales of goods:				
- Manufacturing	**71,057,821**	76,754,148	**-**	-
- Trading	**183,008,322**	177,064,892	**-**	-
	254,066,143	253,819,040	**-**	-
Revenue from other source:				
- Dividend income from a subsidiary company	**-**	-	**25,000,000**	20,000,000
	254,066,143	253,819,040	**25,000,000**	20,000,000

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

21. OTHER INCOME

	Group	
	2019 RM	2018 RM
Freight charge received	**-**	197,688
Foreign exchange gain:		
- realised	**4,076,038**	1,941,495
- unrealised	**84,903**	462,851
Gain on disposal of property, plant and equipment	**143,995**	259,852
Income from disposals of material packaging	**1,665,297**	669,046
Interest income	**3,361,185**	2,751,765
Insurance claim	**250**	79,690
Rental income	**150,000**	118,283
Over provision of commission expenses	**-**	415,177
Others	**81,605**	38,505
Lab analysis income	**196,708**	-
Waiver of debts:		
- trade payables	**-**	35,708
- other payables	**285,902**	8,115
	10,045,883	6,978,175

22. FINANCE COST

	Group	
	2019 RM	2018 RM
Interest expense on:		
- Lease liabilities	**21,268**	-

23. PROFIT BEFORE TAXATION

Profit before taxation is determined after charging/(crediting):

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration:				
- statutory audits:				
- current year	**129,019**	131,715	**20,000**	20,000
- under provision in prior years	**-**	20,000	**-**	-
- non-audit services:				
- current year	**5,000**	5,000	**5,000**	5,000
Amortisation of investment properties	**102,240**	-	**-**	-
Amortisation of right-of-use assets	**1,299,050**	-	**-**	-
Bad debts written off:				
- trade receivables	**453,115**	43,581	**-**	-
- former subsidiary company	**-**	-	**-**	173,341
Depreciation of property, plant and equipment	**9,973,985**	11,151,200	**-**	-
Loss on foreign exchange:				
- unrealised	**161,484**	504,076	**-**	-
Loss on disposal of a subsidiary company	**-**	52,379	**-**	7,819,164
Impairment loss on investment in a subsidiary company	**-**	-	**345,434**	-
Net (gain)/loss on impairment loss on financial instruments:				
Impairment loss on trade receivables	**623,602**	-	**-**	-
Impairment loss on amount due from a subsidiary company	**-**	-	**44,968**	-
Reversal of impairment loss on trade receivables	**(1,201,084)**	(1,023,405)	**-**	-
	(577,482)	(1,023,405)	**44,968**	-
Inventories written off	**315,439**	300,330	**-**	-
Inventories written down	**397,427**	1,301,100	**-**	-
Reversal of inventories written down	**(396,726)**	(955,172)	**-**	-
Non-Executive Directors:				
- fees	**276,000**	234,000	**276,000**	234,000
- other emoluments	**20,400**	19,200	**20,400**	19,200
Property, plant and equipment written off	**16,752**	18,864	**-**	-
Rental of premises	**-**	72,028	**-**	-

24. TAXATION

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Tax expenses recognised in profit or loss				
Malaysia statutory tax:				
Current year tax provision	**13,215,163**	9,854,741	**-**	-
(Over)/Under provision in prior years	**(85,085)**	(155,722)	**150**	-
	13,130,078	9,699,019	**150**	-
Deferred tax (Note 16):				
Origination and reversal of temporary differences	**(1,451,200)**	(812,136)	**-**	-
Over provision in prior years	**(95,350)**	(49,636)	**-**	-
	(1,546,550)	(861,772)	**-**	-
	11,583,528	8,837,247	**150**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Profit before taxation	**47,315,579**	39,763,394	**23,835,770**	11,275,308
At Malaysian statutory tax rate of 24% (2018: 24%)	**11,355,739**	9,543,215	**5,720,585**	2,706,074
Expenses not deductible for tax purposes	**999,796**	1,372,170	**279,415**	2,093,926
Income not subject to tax	**(591,572)**	(1,015,106)	**(6,000,000)**	(4,800,000)
Utilisation of current year's reinvestment allowances	**-**	(194,141)	**-**	-
Utilisation of previously unrecognised deferred tax assets	**-**	(663,533)	**-**	-
(Over)/Under provision of taxation of prior years	**(85,085)**	(155,722)	**150**	-
Over provision of deferred taxation of prior years	**(95,350)**	(49,636)	**-**	-
	11,583,528	8,837,247	**150**	-

25. STAFF COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Labour cost				
(included in cost of sales):				
Salaries, wages and others	**25,147,992**	28,935,644	**-**	-
Defined contribution plans	**1,318,666**	1,588,565	**-**	-
	26,466,658	30,524,209	**-**	-
Staff cost				
Fees	**180,000**	180,000	**180,000**	180,000
Salaries, wages and others	**15,263,669**	12,042,359	**16,200**	15,000
Defined contribution plans	**2,436,421**	1,893,108	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**119,011**	129,013	**-**	-
	17,999,101	14,244,480	**196,200**	195,000
Total staff costs	**44,465,759**	44,768,689	**196,200**	195,000

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:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and other emoluments	**6,193,650**	4,466,700	**16,200**	15,000
Fees	**180,000**	180,000	**180,000**	180,000
Defined contribution plans	**1,148,078**	886,289	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**3,627**	3,802	**-**	-
	7,525,355	5,536,791	**196,200**	195,000

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries and other emoluments	**2,100,604**	2,193,200	**-**	-
Defined contribution plans	**359,453**	391,532	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**2,109**	3,443	**-**	-
	2,462,166	2,588,175	**-**	-

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 as follows:

	Group	
	2019 RM	2018 RM
Profit attributable to owners of the Company	**35,732,051**	30,926,147
Weighted average number of ordinary shares in issue	**228,800,000**	228,800,000
Basic earnings per ordinary share (sen)	**15.62**	13.52

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:

	2019 RM	2018 RM
Group		
Sale of trading goods to entities with substantial financial interest over the company	**(9,099,917)**	(9,407,462)
Purchase of trading goods from entities with substantial financial interest over the company	**4,789,356**	6,202,108
Transactions with persons connected to Directors of the Company:		
- salaries paid	**140,452**	127,200
- rental paid	**234,200**	315,400
Company		
Gross dividend income received/receivable from subsidiary company:		
-tax exempt	**(25,000,000)**	(20,000,000)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Executive:				
Fees	**180,000**	180,000	**180,000**	180,000
Salaries and other emoluments	**6,193,650**	4,466,700	**16,200**	15,000
Total short-term employee benefits	**6,373,650**	4,646,700	**196,200**	195,000
Defined contribution plans	**1,148,078**	886,289	**-**	-
SOCSO contribution and employee insurance scheme (EIS)	**3,627**	3,802	**-**	-
	7,525,355	5,536,791	**196,200**	195,000
Non-Executive:				
Fees	**276,000**	234,000	**276,000**	234,000
Other emoluments	**20,400**	19,200	**20,400**	19,200
Total short-term employee benefits	**296,400**	253,200	**296,400**	253,200
Other Directors (on board of subsidiary companies)				
Executive:				
Salaries and other emoluments	**2,100,604**	2,193,200	**-**	-
Defined contribution plans	**359,453**	391,532	**-**	-
SOCSO contribution and employee insurance scheme (EIS)	**2,109**	3,443	**-**	-
	2,462,166	2,588,175	**-**	-

28. 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 2019, as previously stated RM	Opening balance adjustment from adoption of MFRS 16 (Note 2(a)) RM	As at 1 January 2019, as restated RM	Addition RM	Exchange difference RM	Repayment RM	At 31 December 2019 RM
2019							
Group							
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	(1,120)	(544,160)	717,767
	-	721,499	721,499	29,264,975	(1,120)	(23,424,160)	6,561,194
Company							
Dividend payable	-	-	-	22,880,000	-	(22,880,000)	-
2018							
Group and Company							
Dividend payable	-	-	-	43,472,000	-	(43,472,000)	-

29. CAPITAL COMMITMENT

	Group	
	2019 RM	2018 RM
Authorised and contracted for:		
- Property, plant and equipment	**18,876,877**	12,850,167
Authorised but not contracted for:		
- Property, plant and equipment	**9,077,639**	20,000,000
	27,954,516	32,850,167

30. DIVIDENDS

	Group and Company	
	2019 RM	2018 RM
Interim dividends paid in respect of the financial year ended:		
- 31 December 2017 (single tier dividend of RM0.13 per ordinary share)	**-**	29,744,000
- 31 December 2018 (single tier dividend of RM0.06 per ordinary share)	**-**	13,728,000
- 31 December 2019 (single tier dividend of RM0.10 per ordinary share)	**22,880,000**	-
	22,880,000	43,472,000

On 27 February 2018, the Directors declared a first interim single-tier dividend of RM0.13 per ordinary share amounting to RM29,744,000 in respect of the financial year ended 31 December 2017, which was paid on 5 April 2018.

On 26 November 2018, the Directors declared a first interim single-tier dividend of RM0.06 per ordinary share amounting to RM13,728,000 in respect of the financial year ended 31 December 2018, which was paid on 31 December 2018.

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.

The Board of Directors does not recommend a final dividend to be paid in respect of the financial year ended 31 December 2019.

31. 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.

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.

Group 2019	Manufacturing RM	Trading RM	Investment holding RM	Elimination / adjustments* RM	Note	Total RM
Revenue						
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
Results						
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	10,664,187	741,098	390,402	(565,203)		11,230,484
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
Assets						
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
Liabilities						
Segment liabilities	110,214,781	48,295,070	503,805	(114,185,122)		44,828,534
Other non-cash items	10,664,187	741,098	390,402	(565,203)	(A)	11,230,484

Group 2018	Manufacturing RM	Trading RM	Investment holding RM	Elimination / adjustments* RM	Note	Total RM
Revenue						
External customers	76,754,148	177,064,892	-	-		253,819,040
Inter-segment	130,499,154	9,826,316	20,000,000	(160,325,470)		-
Total revenue	207,253,302	186,891,208	20,000,000	(160,325,470)		253,819,040
Results						
Interest income	23,508	2,728,745	-	(488)		2,751,765
Dividend income	-	-	20,000,000	(20,000,000)		-
Depreciation and amortisation	10,628,982	586,739	-	(64,521)		11,151,200
Other non-cash items	11,288,690	(1,129,819)	7,992,505	(7,940,126)		10,211,250
Taxation	(2,326,565)	(6,510,533)	-	(149)		(8,837,247)
Segment results	12,176,853	31,088,008	11,275,308	(14,776,775)		39,763,394
Assets						
Capital expenditure	2,420,734	1,374,721	-	-		3,795,455
Segment assets	152,158,337	208,108,940	141,419,064	(219,467,830)		282,218,511
Total assets	154,579,071	209,483,661	141,419,064	(219,467,830)		286,013,966
Liabilities						
Segment liabilities	108,858,535	116,158,338	463,203	(179,459,484)		46,020,592
Other non-cash items	11,288,690	(1,129,819)	7,992,505	(7,940,126)	(A)	10,211,250

** Inter-segment revenue, profit and transactions are eliminated on consolidation.*

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

	Group	
Other non-cash items:	**2019 RM**	**2018 RM**
Amortisation of investment properties	**102,240**	-
Amortisation of right-of-use assets	**1,299,050**	-
Bad debts written off from trade receivables	**453,115**	43,581
Depreciation of property, plant and equipment	**9,973,985**	11,151,200
Gain on disposal of property, plant and equipment	**(143,995)**	(259,852)
Impairment loss on trade receivables	**623,602**	-
Inventory written off	**315,439**	300,330
Inventory written down	**397,427**	1,301,100
Loss on disposal of a subsidiary company	**-**	52,379
Over provision of commission expenses	**-**	(415,177)
Property, plant and equipment written off	**16,752**	18,864
Reversal of impairment loss on trade receivables	**(1,201,084)**	(1,023,405)
Reversal of inventories written down	**(396,726)**	(955,172)
Unrealised gain on foreign exchange	**(84,903)**	(462,851)
Unrealised loss on foreign exchange	**161,484**	504,076
Waiver of debts:		
- trade payables	**-**	(35,708)
- other payables	**(285,902)**	(8,115)
	11,230,484	10,211,250

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 (i.e. other investments):

	Revenue		Non-current assets	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Malaysia	**111,125,805**	112,996,098	**102,384,810**	105,388,188
Eastern Asia	**67,053,107**	70,381,470	**84,130**	25,590
South East Asia	**44,542,582**	39,084,207	**1,709**	3,791
Middle East	**25,892,121**	24,946,419	**-**	-
Others	**5,452,528**	6,410,846	**-**	-
	254,066,143	253,819,040	**102,470,649**	105,417,569

32. 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:

	Group		Company	
At Amortised Costs	**2019 RM**	**2018 RM**	**2019 RM**	**2018 RM**
Financial Assets				
Trade receivables	**48,742,620**	43,696,703	**-**	-
Other receivables	**874,709**	1,500,400	**1,000**	1,000
Amounts due from subsidiary companies	**-**	-	**108,414,710**	107,023,080
Deposits, cash and bank balances	**85,329,726**	87,416,845	**2**	2
Total financial assets	**134,947,055**	132,613,948	**108,415,712**	107,024,082
Financial Liabilities				
Trade payables	**20,329,363**	27,765,771	**-**	-
Other payables	**9,102,921**	9,208,233	**503,805**	463,203
Lease liabilities	**717,767**	-	**-**	-
Financial guarantee	**3,556,625**	3,031,648	**-**	-
Bank borrowings	**5,843,427**	-	**-**	-
Total financial liabilities	**39,550,103**	40,005,652	**503,805**	463,203

(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, interest rate and market price 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.

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.

Recognition and measurement of impairment loss

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	
	2019 RM	2018 RM
Malaysia	**22,854,793**	21,106,136
China	**3,913,726**	3,030,049
Other countries	**21,974,101**	19,560,518
	48,742,620	43,696,703

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.

	Gross amount RM	Loss allowance RM	Net amount RM
2019			
Current	21,270,096	(14,265)	21,255,831
Past due not impaired			
- 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
Credit impaired:			
More than 90 days			
- Individually impaired	620,173	(620,173)	-
Trade receivables	49,458,138	(715,518)	48,742,620
2018			
Current	22,179,433	-	22,179,433
Past due not impaired			
- Less than 30 days	11,296,434	-	11,296,434
- 31 to 60 days	6,589,971	-	6,589,971
- 61 to 90 days	2,189,176	(781,291)	1,407,885
- More than 90 days	2,734,689	(511,709)	2,222,980
	22,810,270	(1,293,000)	21,517,270
Trade receivables	44,989,703	(1,293,000)	43,696,703

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
2019			
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
2018			
At 1 January	1,345,280	1,243,428	2,588,708
Impairment loss reversed	(52,280)	(971,125)	(1,023,405)
Written off	-	(146,684)	(146,684)
Disposal of a subsidiary company	-	(125,619)	(125,619)
At 31 December	1,293,000	-	1,293,000

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.

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 33 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 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.

Group	On demand or within 1 year RM	1 to 2 years RM	Total contractual cash flows RM	Carrying amount RM
2019				
Financial Liabilities				
Trade payables	20,329,363	-	20,329,363	20,329,363
Other payables	9,102,921	-	9,102,921	9,102,921
Lease liabilities	451,963	265,804	717,767	717,767
Financial guarantees (Note 33)*	3,556,625	-	3,556,625	3,556,625
Bank borrowings	5,843,427	-	5,843,427	5,843,427
	39,284,299	265,804	39,550,103	39,550,103
2018				
Financial Liabilities				
Trade payables	27,765,771	-	27,765,771	27,765,771
Other payables	9,208,233	-	9,208,233	9,208,233
Financial guarantees (Note 33)*	3,031,648	-	3,031,648	3,031,648
	40,005,652	-	40,005,652	40,005,652

**Based on the maximum amount that can be called for under the financial guarantee contract.*

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 Company can be required to pay.

Company	On demand or within 1 year RM	Total contractual cash flows RM	Carrying amount RM
2019			
Financial Liabilities			
Other payables	503,805	503,805	503,805
2018			
Financial Liabilities			
Other payables	463,203	463,203	463,203

(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"), Australian Dollar ("AUD"), Euro ("EUR"), United States Dollar ("USD"), Brunei Dollar ("BND"), Hong Kong Dollar ("HKD"), Indonesia Rupiah ("IDR"), China Renminbi ("RMB") 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:

	Denominated In									
Group	**SGD RM**	**AUD RM**	**EUR RM**	**USD RM**	**BND RM**	**HKD RM**	**RMB RM**	**IDR RM**	**CHF RM**	**Total RM**
2019										
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
2018										
Trade receivables	152,909	181	84,893	18,018,467	74,271	1,229,797	3,030,049	-	-	22,590,567
Cash and bank balances	-	-	-	2,447,269	-	-	1,205,926	155,230	-	3,808,425
Trade payables	-	-	-	(460,856)	-	-	-	-	(240,646)	(701,502)
Net exposure	152,909	181	84,893	20,004,880	74,271	1,229,797	4,235,975	155,230	(240,646)	25,697,490

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, AUD, EUR, USD, BND, HKD, IDR, RMB and CHF exchange rates against RM, with all other variables held constant.

		Effect on profit before tax	
Group	**Change in currency rate**	**2019 RM**	**2018 RM**
SGD	Strengthened 5%	**5,529**	7,645
	Weakened 5%	**(5,529)**	(7,645)
AUD	Strengthened 5%	**-**	9
	Weakened 5%	**-**	(9)
EUR	Strengthened 5%	**(254,745)**	4,245
	Weakened 5%	**254,745**	(4,245)
USD	Strengthened 5%	**949,720**	1,000,244
	Weakened 5%	**(949,720)**	(1,000,244)
BND	Strengthened 5%	**-**	3,714
	Weakened 5%	**-**	(3,714)
HKD	Strengthened 5%	**87,794**	61,490
	Weakened 5%	**(87,794)**	(61,490)
RMB	Strengthened 5%	**285,306**	211,799
	Weakened 5%	**(285,306)**	(211,799)
IDR	Strengthened 5%	**8,834**	7,762
	Weakened 5%	**(8,834)**	(7,762)
CHF	Strengthened 5%	**(9,348)**	(12,032)
	Weakened 5%	**9,348**	12,032

(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.

The Group manages the interest rate risk of its deposits with licensed banks 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	
	2019 RM	2018 RM
Fixed rate instruments		
Financial Assets		
- Fixed deposits with licensed banks with maturity less than 3 months	**56,921,190**	41,136,891
- Fixed deposits with licensed banks with maturity more than 3 months	**10,395,182**	28,306,888
Fixed rate instruments		
Financial Liability		
Lease liabilities	**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 approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bond).

Non-derivatives financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

33. FINANCIAL GUARANTEES

	Group	
	2019 RM	**2018 RM**
Unsecured		
Bank guarantee made in favour of:		
- Tenaga National Berhad in respect of electricity supply	**2,155,000**	2,155,000
- Gas Malaysia Berhad in respect of gas supply	**1,387,875**	876,648
- Royal Malaysian Customs Department in respect of duty and customs charges	**13,750**	-
	3,556,625	3,031,648

34. 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.

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 are as follows:

	Group	
	2019 RM	2018 RM
Debts		
Bank borrowings	**5,843,427**	-
Trade and other payables	**30,589,195**	38,039,560
Lease liabilities	**717,767**	-
	37,150,389	38,039,560
Capital		
Total equity	**249,043,806**	236,197,919
Debt-to-equity ratio	**0.15**	0.16

There were no changes in the Group's approach to capital management during the financial year.

35. SUBSEQUENT EVENT

Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Company business operations. As at the date of this report, the financial impact of the COVID-19 outbreak to the Company cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the ongoing precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Company's financial performance and financial position.

36. 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 28 May 2020.

LIST OF **PROPERTIES**
AS AT 31 December 2019

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
L.B. Food Sdn. Bhd. *No. 41, Jalan E1/4, Kawasan Perusahaan Taman Ehsan 52100 Kepong Selangor Darul Ehsan*	A double-storey warehouse with a 3-storey office annexe.	2,415 sq. meter	Leasehold 99 years *expiring on 09.07.2078*	39	1,952	1.12.2003 / Year 1991
L.B. Food Sdn. Bhd. *Lot 883, Off Jalan Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan*	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 *expiring on 15.04.2046*	29 to 33	1,638	1.12.2003/ Year 1988
Cocoaland Industry Sdn. Bhd. *Lot 100, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	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	21 to 26	8,067	1.12.2003/ Year 1993
Cocoaland Industry Sdn. Bhd. *Lot 5, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	A single storey factory/ warehouse with a 2-storey office annexe.	8,305 sq. meter	Freehold	18	4,852	1.12.2003/ Year 2001
Cocoaland Industry Sdn. Bhd. *H.S. (D) 81124, PT9010 Seksyen 20, Bandar Rawang Daerah Gombak Selangor Darul Ehsan*	A single warehouse, a block of double-storey factory and a block of 4 storey factory building.	30,326 sq. meter	Leasehold 99 years *expiring on 07.01.2114*	11	35,317	8.12.2005/ Year 2009

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
CCL Food & Beverage Sdn. Bhd. *Geran 212309 for Lot 21225, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	10,257 sq. meter	Freehold	-	7,863	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 205539 for Lot 19004, Seksyen 20, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	306 sq. meter	Freehold	-	235	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 212310 for Lot 21226, Mukim Rawang, Selangor*	Single storey warehouse and 2 storey office annexed.	9,163 sq. meter	Freehold	22	11,606	23.08.2013

Analysis Of **Shareholdings**

AS AT 29 MAY 2020

Share Capital

Number of Issued Shares	228,800,000 Ordinary Shares
Class of Shares	Ordinary Shares
Voting Rights	One vote per ordinary share held

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	446	18.25	17,993	0.01
100 – 1,000	419	17.14	274,073	0.12
1,001 - 10,000	1,131	46.28	4,892,685	2.13
10,001 - 100,000	369	15.10	10,582,715	4.63
100,001 to less than 5% of issued shares	77	3.15	73,185,906	31.99
5% and above of issued shares	2	0.08	139,846,628	61.12
Total	2,444	100.00	228,800,000	100.00

List of Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
1.	Leverage Success Sdn. Bhd.	87,046,628	38.04
2.	Fraser & Neave Holdings Bhd.	52,800,000	23.08
3.	Fraser & Neave Holdings Bhd.	9,411,466	4.11
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *[Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund]*	6,487,700	2.84
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board]*	4,438,000	1.94
6.	Amanahraya Trustees Berhad *[Public Islamic Optimal Growth Fund]*	4,288,533	1.87
7.	Tan Booi Charn	3,890,000	1.70
8.	Kumpulan Wang Persaraan (Diperbadankan)	3,840,500	1.68
9.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account For Rickoh Corporation Sdn. Bhd.]*	3,333,333	1.46
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account for Koh Kin Lip (8058900)]*	2,651,666	1.16
11.	Amanahraya Trustees Berhad *[Public Islamic Emerging Opportunities Fund]*	2,582,400	1.13

	Name of Shareholders	No. of Shares	% of Shares
12.	Amanahraya Trustees Berhad *[Public Islamic Treasures Growth Fund]*	1,755,200	0.77
13.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *[Deutsche Trustees Malaysia Berhad For Eastspring Investments Islamic Small-Cap Fund]*	1,643,800	0.72
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)]*	1,557,900	0.68
15.	Amanahraya Trustees Berhad *[PB Islamic Smallcap Fund]*	1,455,600	0.64
16.	Ho Sek Kee Sdn. Bhd.	1,346,666	0.59
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board (AM Inv)]*	1,337,200	0.58
18.	Leong Meei Keing	1,325,843	0.58
19.	Chew Pui Ming	1,256,397	0.55
20.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *[CIMB Commerce Trustee Berhad For Maybank Malaysia Smallcap Fund]*	1,188,000	0.52
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account For Mak Tian Meng (MY3136)]*	1,142,000	0.50
22.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust]*	1,023,833	0.45
23.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (UOBAMM6939-406)]*	986,400	0.43
24.	Wong Yoke Chou	912,000	0.40
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account For Mak Tian Meng)*	830,666	0.36
26.	Lau Kee Von	777,333	0.34
27.	Amanahraya Trustees Berhad *[Public Ehsan Mixed Asset Growth Fund]*	718,700	0.31
28.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account For Koh Kin Lip (MY0502)]*	666,666	0.29
29.	Koh Geok Lian	660,000	0.29
30.	Lau Yoke Kiew	635,681	0.28

List of Substantial Shareholders

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	87,046,628	38.04	0	0.00
Fraser & Neave Holdings Bhd.	62,211,466	27.19	0	0.00
Liew Fook Meng	0	0	87,046,628 (a)	38.04
Lau Kee Von	777,366	0.34	87,046,628 (a)	38.04
Liew Yoon Kee	97,777	0.04	87,046,628 (a)	38.04
Lau Pak Lam	0	0	87,046,628 (a)	38.04
Lew Foo Chay @ Lau Foo Chay	0	0	87,046,628 (a)	38.04
Lau Kwai Choon	26,666	0.01	87,046,628 (a)	38.04
Fraser and Neave Limited	0	0	62,211,466 (b)	27.19
InterBev Investment Limited	0	0	62,211,466 (c)	27.19
TCC Assets Limited	0	0	62,211,466 (c)	27.19
Thai Beverage Public Company Limited	0	0	62,211,466 (c)	27.19
International Beverage Holdings Limited	0	0	62,211,466 (c)	27.19
Siriwana Company Limited	0	0	62,211,466 (c)	27.19
Maxtop Management Corp.	0	0	62,211,466 (c)	27.19
Shiny Treasure Holdings Limited	0	0	62,211,466 (c)	27.19
MM Group Limited	0	0	62,211,466 (c)	27.19
Khunying Wanna Sirivadhanabhakdi	0	0	62,211,466 (c)	27.19
Charoen Sirivadhanabhakdi	0	0	62,211,466 (c)	27.19

(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	1.45	3,333,333 (a)	1.46
Liew Fook Meng	0	0	87,046,628 (b)	38.04
Lau Kee Von	777,366	0.34	87,046,628 (b)	38.04
Lau Pak Lam	0	0	87,046,628 (b)	38.04
Lau Kim Chew	325,900	0.14	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	23,466	0.01	0	0
Lau Cheng Yew (alternate to Lim Yew Hoe)	0	0	0	0

(a) Deemed interested by virtue of his shareholding in Rickoh Corporation 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.

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