



Annual Report 2018



Joyful Moments



cocoaland®
COCOALAND HOLDINGS BERHAD
(516019-H)



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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth (19th) Annual General Meeting (“AGM”) of the Company will be held at Crystal 1, Level 1, Crystal Crown Hotel Kuala Lumpur, 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur on Wednesday, 29 May 2019 at 10.00 a.m. for the following purposes: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Constitution:-
 - (i) Mr. Lau Kee Von
 - (ii) Mr. Lau Pak Lam
 - (iii) Mr. Chow Kee Kan @ Chow Tuck Kwan
 - (iv) Mr. Lim Yew Hoe
3. To approve the payment of Directors' fees of up to RM500,000 and benefits of up to RM50,000 from this AGM until the next AGM of the Company.
4. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

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

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

“THAT, subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, the Companies Act 2016 (“the Act”), the Company's Constitution, and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company and its subsidiaries to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.2 of the Circular to Shareholders dated 29 April 2019 which are necessary for the day-to-day operations and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company.

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

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

Please refer to Explanatory Note (a)

Resolution 1
Resolution 2
Resolution 3
Resolution 4

Resolution 5
Please refer to Explanatory Note (b)

Resolution 6

Resolution 7
Please refer to Explanatory Note (c)

notice of annual general meeting (cont'd)

whichever is earlier.

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

6. Proposed Renewal of Share Buy-Back Authority

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

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

whichever occurs first.

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

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

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

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

Resolution 8
Please refer to
Explanatory
Note (d)

notice of annual general meeting (cont'd)

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

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

7. Proposed Retention of Independent Non-Executive Directors

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

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

8. SPECIAL RESOLUTION - PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be given to revoke the existing Constitution (previously referred to as the Memorandum and Articles of Association) of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Part C of the Circular to Shareholders dated 29 April 2019, be adopted as the Constitution of the Company; AND THAT the Directors of the Company be authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

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

By Order of the Board

NG HENG HOOI (MAICSA 7048492)
WONG MEE KIAT (MAICSA 7058813)
YAP FOOT TENG (MACS 00601)
 Company Secretaries

Kuala Lumpur
 Dated: 29 April 2019

Notes:-

- (i) Only members whose names appear in the Record of Depositors as at 21 May 2019 will be entitled to attend and vote at the Meeting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

Resolution 9
Resolution 10
Resolution 11
 Please refer to
 Explanatory
 Note (e)

Resolution 12
 Please refer to
 Explanatory
 Note (f)

notice of annual general meeting (cont'd)

- (iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
- (v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.
- (vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes:-

(a) Audited Financial Statements and Reports of Directors and Auditors

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

(b) Payment of Directors' fees and benefits

Pursuant to Section 230(1) of the Act, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration for the period from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in 2020. The Remuneration comprises of fees and meeting allowances payable to directors.

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

The Proposed Resolution 7, if approved, will enable the Company and its subsidiaries to enter into recurrent transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 29 April 2019, dispatched together with the Company's 2018 Annual Report.

(d) Proposed Renewal of Share Buy-Back Authority

The Proposed Resolution 8, if passed, will empower the Directors of the Company to purchase the Shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 29 April 2019, which is dispatched together with the Company's 2018 Annual Report.

(e) Proposed Retention of Independent Non-Executive Directors

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

notice of annual general meeting (cont'd)

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

The Proposed Resolution 9, 10 and 11, if passed, will enable the three Directors to continue in office as Independent Non-Executive Directors of the Company. Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance, the Company would be seeking the shareholders' approval through a two-tier voting process on the Proposed Resolution 9 and 10 as the two Directors have served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years.

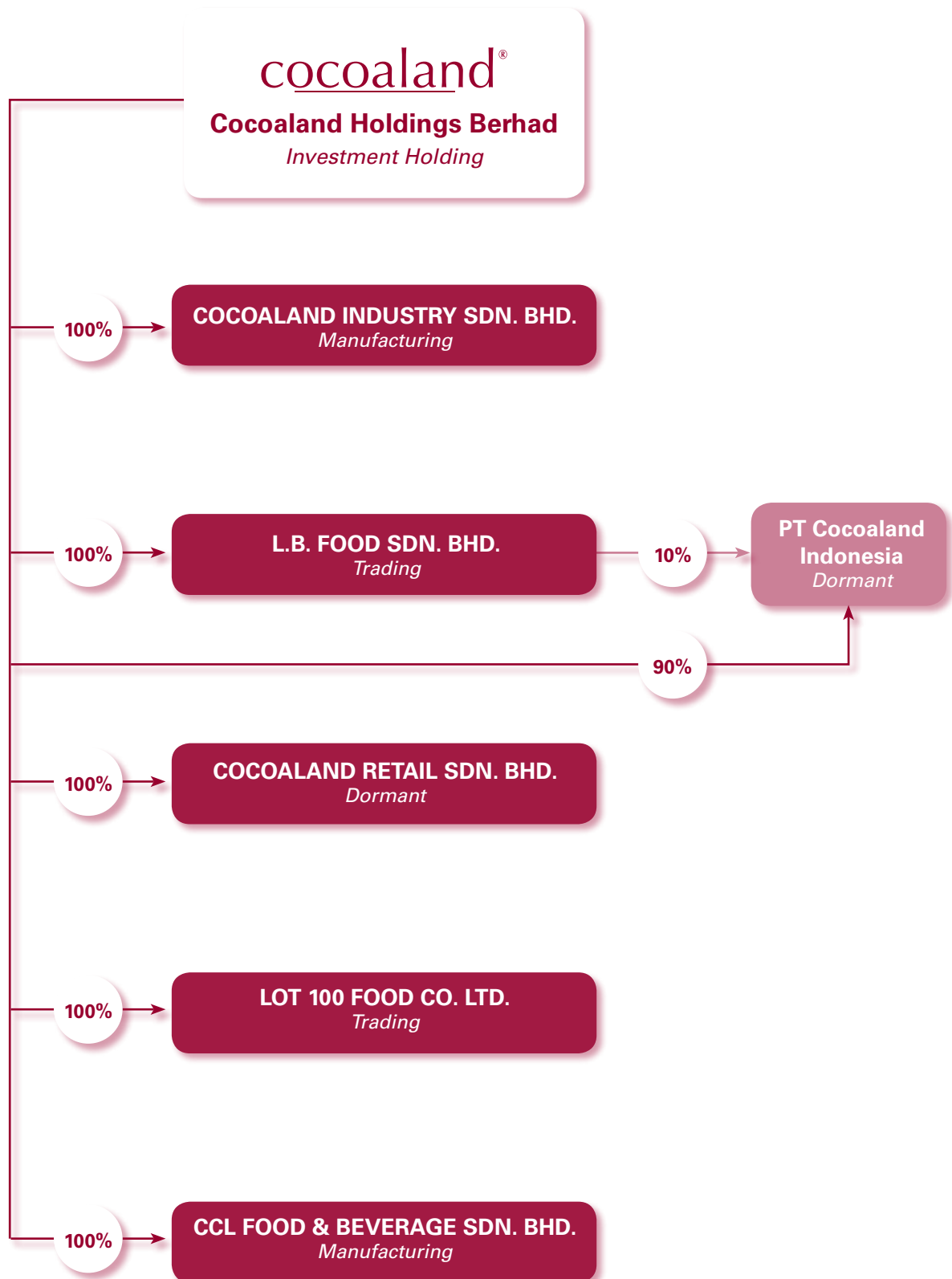
(f) Proposed Adoption of the New Constitution of the Company

The proposed Resolution 12, if passed, will bring the new Company's Constitution in line with the enforcement of Companies Act 2016 and the amended Listing Requirements of Bursa Securities, which will enhance the Company's administrative efficiency. The proposed new Constitution is set out in Part C of the Circular to Shareholders dated 29 April 2019.

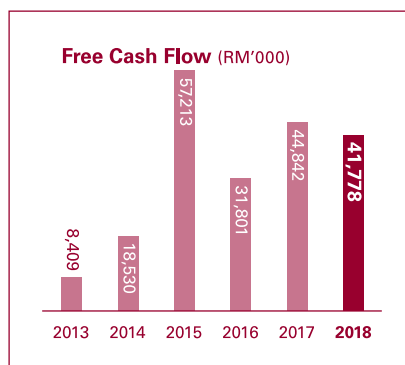
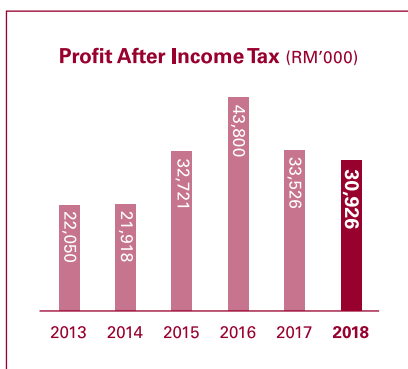
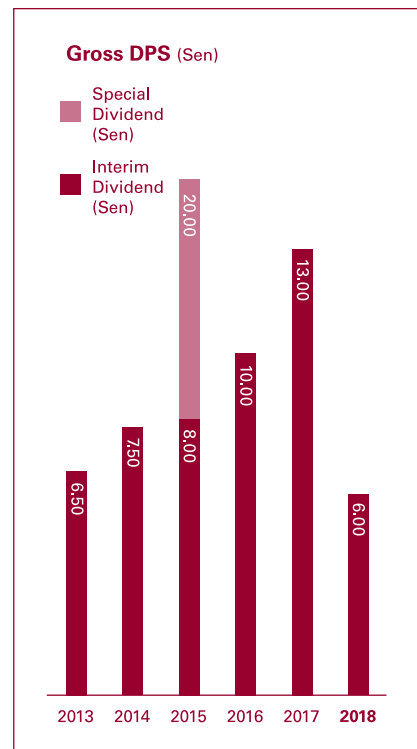
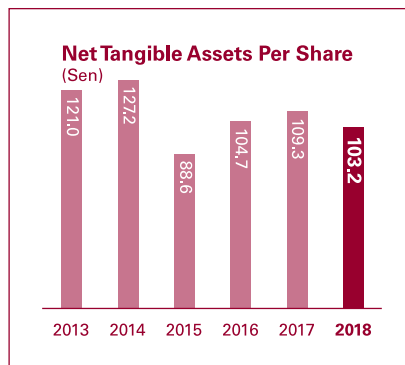
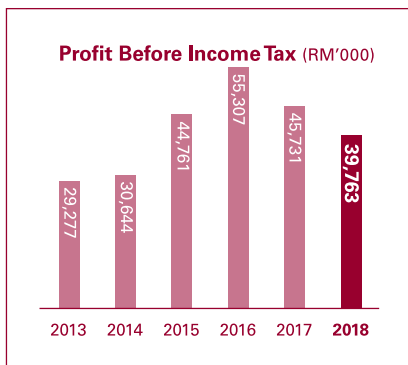
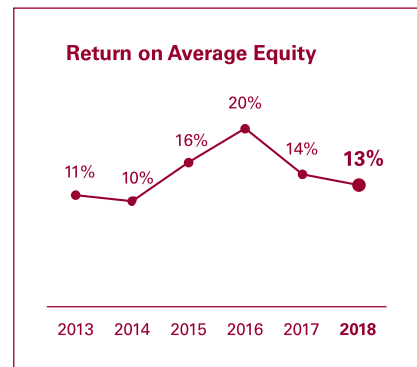
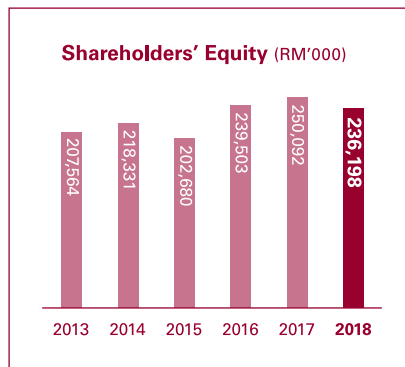
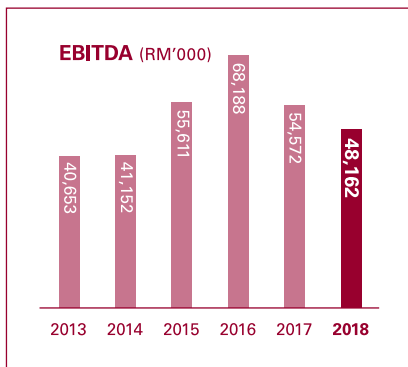
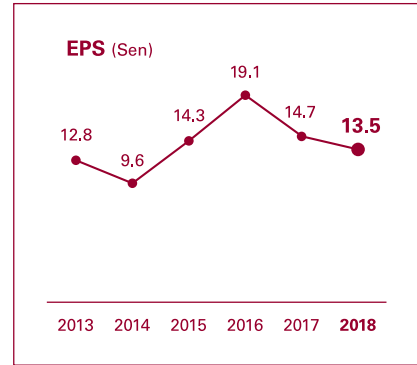
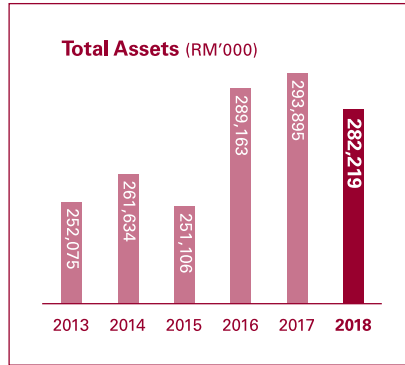
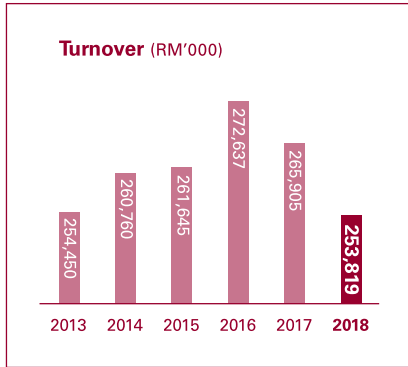
Corporate Information

BOARD OF DIRECTORS	<p>Dato' Azman bin Mahmood (<i>Chairman / Independent Non-Executive Director</i>) Tan Sri Dato' Sri Koh Kin Lip (<i>Senior Independent Non-Executive Director</i>) Liew Fook Meng (<i>Executive Director</i>) Lau Kee Von (<i>Executive Director</i>) Lau Pak Lam (<i>Executive Director</i>) Lau Kim Chew (<i>Executive Director</i>) Tai Chun Wah (<i>Executive Director</i>) Chow Kee Kan @ Chow Tuck Kwan (<i>Independent Non-Executive Director</i>) Lim Yew Hoe (<i>Non-Independent Non-Executive Director</i>) Soh Swee Hock @ Soh Say Hock (<i>Non-Independent Non-Executive Director</i>) Lau Cheng Yew (<i>Alternate Director to Lim Yew Hoe</i>)</p>
AUDIT & RISK MANAGEMENT COMMITTEE	<p>Chow Kee Kan @ Chow Tuck Kwan (<i>Chairman / Independent Non-Executive Director</i>) Tan Sri Dato' Sri Koh Kin Lip (<i>Member / Senior Independent Non-Executive Director</i>) Lim Yew Hoe (<i>Member / Non-Independent Non-Executive Director</i>)</p>
REMUNERATION COMMITTEE	<p>Dato' Azman bin Mahmood (<i>Chairman / Independent Non-Executive Director</i>) Tan Sri Dato' Sri Koh Kin Lip (<i>Member / Senior Independent Non-Executive Director</i>) Chow Kee Kan @ Chow Tuck Kwan (<i>Member / Independent Non-Executive Director</i>) Soh Swee Hock @ Soh Say Hock (<i>Member / Non-Independent Non-Executive Director</i>)</p>
NOMINATING COMMITTEE	<p>Chow Kee Kan @ Chow Tuck Kwan (<i>Chairman / Independent Non-Executive Director</i>) Dato' Azman bin Mahmood (<i>Member / Independent Non-Executive Director</i>) Tan Sri Dato' Sri Koh Kin Lip (<i>Member / Senior Independent Non-Executive Director</i>)</p>
COMPANY SECRETARIES	<p>Ng Heng Hooi (MAICSA 7048492) Wong Mee Kiat (MAICSA 7058813) Yap Foo Teng (MACS 00601)</p>
CORPORATE WEBSITE	www.cocoaland.com
AUDITORS	<p>UHY (<i>Chartered Accountants</i>) Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Tel: 03-2279 3088 Fax: 03-2279 3099</p>
PRINCIPAL BANKERS	<p>Citibank Berhad Public Bank Berhad</p>
CORPORATE OFFICE	<p>Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan Tel: 03-6091 3131 Fax: 03-6091 5131</p>
REGISTERED OFFICE	<p>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</p>
SHARE REGISTRAR	<p>Bina Management (M) Sdn. Bhd. Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan Tel: 03-7784 3922 Fax: 03-7784 1988</p>
STOCK EXCHANGE LISTING	<p>Bursa Malaysia Securities Berhad – Main Market Stock Code: 7205</p>

Corporate Structure



Financial Highlights



Directors' Profile

DATO' AZMAN BIN MAHMOOD

68 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

70 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, a Senior Independent Non-Executive Director of IOI Properties Group Berhad, and also a member of the Management Committee of Red Sena 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

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

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

LAU KEE VON

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

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

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

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

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

directors' profile (cont'd)

LAU PAK LAM

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

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

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

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

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

LAU KIM CHEW

*54 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 & Beverage Sdn. Bhd. He is actively involved in manufacturing operations specializing in product development.

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

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

CHOW KEE KAN @ CHOW TUCK KWAN

*66 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

*53 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 Bhd on 1 December 2014.

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

directors' profile (cont'd)

TAI CHUN WAH

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

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

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

He also holds other directorships in Cocoland Group of Companies.

SOH SWEE HOCK @ SOH SAY HOCK

*57 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 Senior Vice President, International Markets Development of F&N Group.

He is a member of the Remuneration Committee.

LAU CHENGYEW

*56 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 Vice President – 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

73 years of age, Male, Malaysian

He was appointed as a Director of Cocoland 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 Cocoland 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

70 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., currently one of the subsidiaries within the Group as Factory Manager until 2008.

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

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

key senior managements' profile (cont'd)

LAU KWAI CHOON*58 years of age, Male, Malaysian*

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

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

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

TAN CHONG HIN*59 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.*

Management Discussion And Analysis

FINANCIAL REVIEW

For the financial year ended 31 December 2018 ("FY2018"), Cocoaland Holdings Berhad ("Cocoaland" or "Group") posted revenue of RM253.8 million, a slight decrease of 4.6% as compared to RM265.9 million registered in the preceding financial year ended 31 December 2017 ("FY2017"), due to softer demand for the beverage segment of Contract Manufacturing Business from domestic and overseas, coupled with a drop in overseas demand for Coco-Pie product. Meanwhile, the rising demand for gummy and hard candy products had partially offset the sliding revenue of the Group.

Cocoaland's Profit Before Tax ("PBT") recorded a decline of 12.9% at RM39.8 million compared to RM45.7 million in the preceding year, mainly attributed to rising labour cost from the implementation of levy policy on foreign workers and escalating packing material cost in tandem with decreased revenue. The Group's Profit After Tax ("PAT") posted a decrease of 7.8% at RM30.9 million in FY2018 as compared to RM33.5 million recorded for FY2017.

Nevertheless, we are pleased to share that Cocoaland has managed to sustain overall business for FY2018, despite being weighed down by intensifying competition among industry players, the volatility of foreign currency movements and material prices.

The Group's earnings per share stood at 13.5 sen for the financial year under review as compared to 14.7 sen in the preceding financial year. Furthermore, the Group's statement of financial position remains healthy in respect of FY2018. Our net cash position comprising cash and cash equivalents stood at RM59.1 million with zero borrowings as at 31 December 2018.

OPERATIONS REVIEW BY BUSINESS SEGMENT

The Group's business segments are as follows:

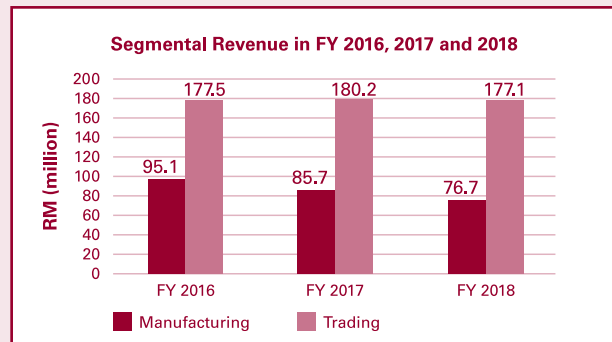
Manufacturing segment

The manufacturing segment posted RM76.7 million in revenue for FY2018, a decline of 10.5% as compared to RM85.7 million generated for FY2017 due to declining sales for Contract Manufacturing Business of its beverage products.

Trading Segment

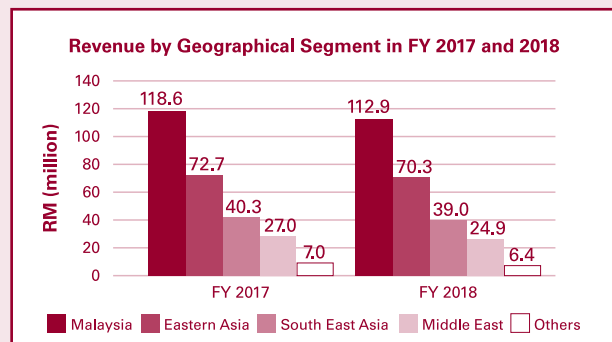
The Group's trading segment posted a 1.7% dip in revenue at RM177.1 million in FY2018 compared

to RM180.2 million recorded for FY2017 on softer demand for snacks and Coco-Pie from overseas markets.



OPERATIONS REVIEW BY GEOGRAPHICAL SEGMENT

The dip in revenue was due to pricing pressure arising from intensifying competition among industry players coupled with volatility of the foreign currency movements and material prices. Another factor impacting the Group performance was the more uncertain global business landscape.



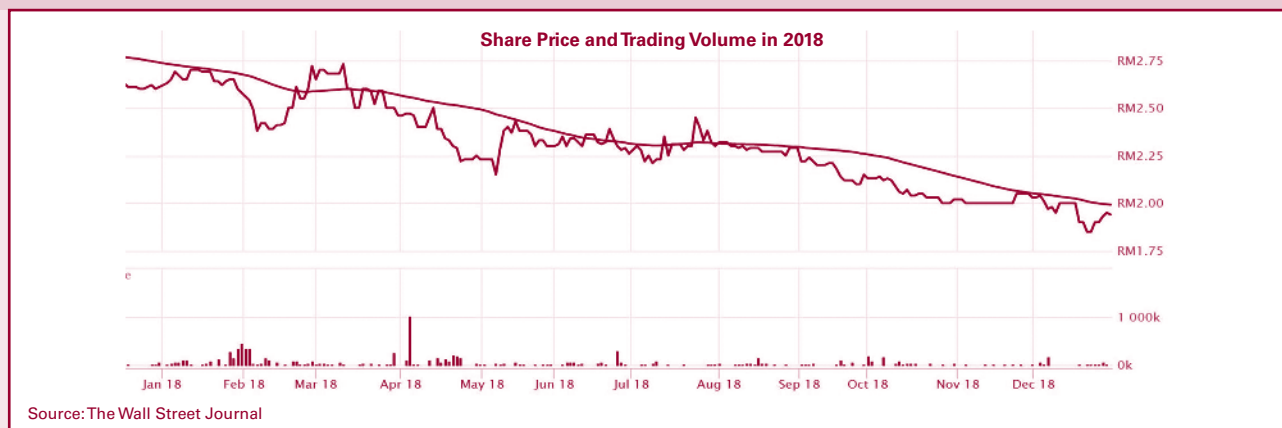
SHARE PRICE PERFORMANCE

Cocoaland's share price closed at RM1.94 on 31 December 2018, with a total market capitalisation of RM443.9 million, a 25.7% decline from RM597.2 million on 31 December 2017. Year-high and year-low share prices marked at RM2.73 and RM1.85 respectively. Average daily trading volume is at 39,181 units.

DIVIDEND

Cocoaland does not have a dividend policy in place, and its average dividend pay-out record based on the past decade stood at 75%. In respect of FY2018, the Group declared the first interim single-tier dividend of 6.0 sen per ordinary share, on 228,800,000 ordinary shares, amounting to RM13.7 million, paid on 31 December 2018.

management discussion and analysis (cont'd)

**ANTICIPATED / KNOWN RISKS & MITIGATING PLANS / STRATEGIES****1. New Gummy Production Line**

As part of plans to expand our gummy production capacity, the Group is developing the 2.6-acre Lot 28 as Lots 88 and 100 have reached an estimated 83.6% capacity for gummy production.

The addition of another line for gummy production, expected to be completed in the first quarter of 2020, is part of our expansion and growth plans as the Group sees rapid revenue growth potential for gummy products (in-house brand as well as for Original Equipment Manufacturing ("OEM")).

2. Operational Committee

The Group has responded to the challenging business environment stemming from increasing competition, rising costs and declining revenue by forming an Operational Committee to look into and plan strategies addressing these issues.

The committee holds monthly meetings with the head of departments to plan and implement strategies as well as solve operational issues.

3. Product Development

The Group is constantly looking into developing new products, improving quality and taste, as well as improving packaging of existing products to ensure a competitive edge in the confectionary market.

To stay competitive and maintain growth, the Group will focus on and cooperate closely with potential distributors to develop new products and new packaging design that can attract consumers. We will also enhance our brand awareness in the market through brand-building strategies.

BUSINESS OUTLOOK

2019 is looking to be a difficult year overall for the economy, with Bank Negara Malaysia expecting the domestic economy to grow by 4.3% to 4.8% this year.

Despite the expected average growth rate of 2.7% annually for the sugar-confectionary sector in Malaysia from 2017 to 2021 based on the Global Data 2017, the Group will continue to face heightened competition among industry players while foreign currency volatility will continue to impact raw material prices. In addition, the imposition of excise duty of 40-sen per litre tax on sugary drinks manufactured in the form of ready to drink packaging starting from 1 July 2019 is expected to have an impact on the Group's beverage business.

While there is potential for growth from the existing range of gummies and beverages in markets such as China and Vietnam, we expect the uncertain global business environment to have an impact on our overseas sales.

However, the Group will continue to plan and implement measures to stay competitive. These measures include, but are not limited to, cost-optimisation and customer-centric marketing campaigns and promotional activities.

The Group will also be hiring more people for the research and development ("R&D") team and upgrading R&D equipment as part of the plan to develop new products with various flavours as well as packaging designs and sizes to cater to different market segments.

The Group is always open to and continue to seek out potential new business that also includes mergers and acquisitions that can enhance our earnings.

Sustainability Statement

Sustainability has been one of the key pillars of Cocoland Holdings Berhad's ("Cocoland" or the "Group") business foundation and it has already been embedded into its culture. Cocoland's employees are always reminded to practice ethically across all departments of the Group's activities from inbound logistic, procurement, production, sales and marketing activities to financial reporting. We aim to be responsible for shareholders as well as all stakeholders relevant to the Group.

The scope of this Sustainability Statement covers the reporting period from 1 January 2018 to 31 December 2018 and at current is mainly focused on Cocoland's operations in Malaysia, which collectively contributed over 96.5% of the Group's total sales revenue for the financial year ended 31 December 2018 ("FY2018").

Cocoland has been disclosing its sustainability practices in the form of the Sustainability Statement in our Annual Report since 2017. We had set up a Corporate Social Responsibility ("CSR") committee in 2015, to establish Cocoland as a socially responsible organisation that contributes towards the sustainable development of the Group as well as the health and welfare of society.

The CSR committee plans, executes and coordinates the Group's CSR activities yearly. We also review the integrated CSR programs and activities to ensure that they are consistent with the Group's CSR policy. The CSR policy, which sets out Cocoland's commitment and approach towards CSR, has also been put in place in line with Cocoland's strong belief to fulfill our social responsibilities within the community in which we operate, in addition to operating a profitable business.

We had also set up a Safety, Health and Environment ("SHE") committee in 2015 to collectively help educate all staff members of Cocoland on safety and health measures, and to ensure a safe and healthy working environment at all our operating premises. The SHE committee will assess the existing measures and set up an annual Safety, Health and Environment Objective Framework for the Group.

Within Cocoland, we are exploring progressively as we gradually adopt the right framework to improve on the Company's sustainability practices. Currently, a workgroup consisting representatives from each relevant department identifies Cocoland's sustainability matters, oversees the implementation and monitors its progress.

The management team is constantly mindful that identifying and mitigating sustainability issues is a dynamic process, and the team remains focused to overcome the challenges faced in order to adapt and sustain within a rapidly developing business environment. The identified sustainability matters relevant to Cocoland and our ongoing sustainability practices to mitigate these matters are discussed in three main areas – Economical, Environmental and Societal ("EES"), in sequence.

Stakeholder Engagement

Cocoland recognises that close engagement with stakeholders is the key towards achieving results and making progress in our sustainability journey. This shall help us to understand their expectations and respond to their concerns. The Group initiatives on stakeholder engagement are illustrated in the table below:

Stakeholder Group	Areas of Concern	Engagement Approaches
Employees	<ul style="list-style-type: none"> • Business ethics and code of conduct • Circulation of internal policies • Workplace safety • Performance management • Career development • Learning and development • Employees satisfaction • Working environment 	<ul style="list-style-type: none"> • Meetings/ briefing • Performance appraisal system • Product knowledge sharing programs • On-going training programs • Team building activities • Company annual dinner • Social activities organised by Group CSR committee • Communication/ feedback through the Group social network

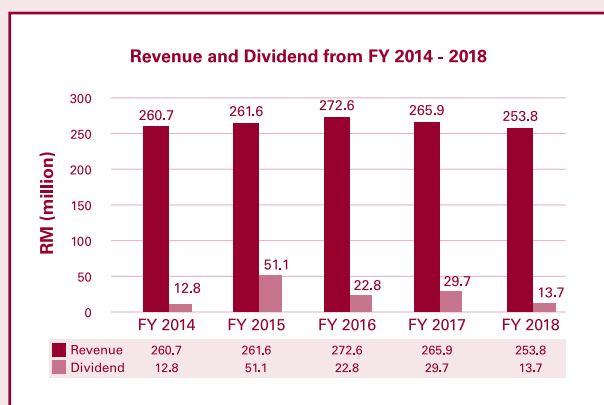
sustainability statement (cont'd)

Distributors and Customers	<ul style="list-style-type: none"> • Product quality • Customer service • Pricing and promotion • Branding • Enhancement of distribution platform • Customer-company relationship 	<ul style="list-style-type: none"> • Product standards and certification • Feedback and enquiry forms • Trade fairs and exhibitions • Social media platforms • Contract negotiation • Corporate website
Government and Regulators	<ul style="list-style-type: none"> • Regulatory compliance • Approval and permits • Occupational safety and health • Environmental management and compliance 	<ul style="list-style-type: none"> • Audit and verification • Regular inspection by local authority • Training programs and dialogue • Meeting with managers and local regulators
Shareholders and Investors	<ul style="list-style-type: none"> • Sustainable income distribution • Corporate governance • Group financial performance • Instant corporate exercise information • Investor relationship management 	<ul style="list-style-type: none"> • Annual General Meeting • Extraordinary General Meeting • Quarterly results and annual report • Public announcement • Corporate website and social media • Investors and analyst meeting and briefing
Suppliers	<ul style="list-style-type: none"> • Transparent procurement practices • Safety compliance 	<ul style="list-style-type: none"> • Evaluation and performances review • Factory visits and field audit on suppliers
Local Communities	<ul style="list-style-type: none"> • Impact of business operations • Social contribution 	<ul style="list-style-type: none"> • Press releases • Donation and sponsorships to local communities • Community programs
Media and Analysts	<ul style="list-style-type: none"> • Reputation and image • Business updates and corporate news 	<ul style="list-style-type: none"> • Media releases • Interviews

1. ECONOMICAL SUSTAINABILITY MATTERS

Cocoaland manufactures products for our in-house brands as well as the Original Equipment Manufacturer (“OEM”) / Original Design Manufacturer (“ODM”) market via four (4) factories located in Rawang and Kepong, meanwhile the distribution and trading of all Food and Beverage (“F&B”) products manufactured by the Cocoaland Group is executed via our subsidiaries in Malaysia, China and Indonesia.

Throughout the years, the Group has successfully delivered satisfactory revenue growth performance for our shareholders, which contributed to consistent dividend distribution year by year in return.



sustainability statement (cont'd)

1.1 Product Portfolio Management

Presently, sugar consumption in South East Asia, especially Malaysia, has exceeded levels recommended by the World Health Organisation (“WHO”). In effort to develop an awareness for healthier living, the current market is riding on the trend to introduce healthier ‘less sugar’ options.

By leveraging on this opportunity, we will continue to introduce new products with diversity in addition to Cocoaland’s existing product range of gummies, Coco Pie and beverages, through advertising and promotional expenditure to stimulate further revenue growth for the Group.

1.2 Competitive Advantage

Cocoaland believes that capital deployment is one of the more crucial investment decisions that will affect the Group’s long-term sustainability and value creation.

For FY2018, our gummy products comprised over 53% of our product portfolio and recorded increased demand from the overseas market.

Hence to address the rising demand, we are currently constructing our fourth gummy production line on the vacant land at Lot 28, which is targeted for completion in the first quarter of 2020. With the additional production line, the increase in production capacity will allow us to cater for more product orders locally and internationally, in the long run.

1.3 Talent Management

Cocoaland recognises the effort and contribution of its employees to the Group’s progress over the years and is aware that they remain an integral part of Cocoaland’s growth momentum.

As at 31 December 2018, Cocoaland employs a total of 1,123 employees with a male to female employee ratio of 70:30. The workforce comprises about 502 local employees and 621 foreign employees.

We evaluate and determine the training needs of each employee before sending them for courses in order to increase their skill set effectively to commensurate with the development of the industry. In 2018, more than 700 employees from the executive and non-executive range had attended a total of 29 training courses (13 internal and 16 external) across a total duration of 282 training hours, comprising technical certifications, financial reporting and taxation, statutory compliances, safety & health and soft skills.

This ensures that all employees of Cocoaland, whether existing or new, are equipped with necessary up-to-date knowledge and competencies to meet the job requirements while nurturing new talents in line with the development of our business and the industry.

No. Training / Course Title		No. of Participants
Internal		
1	ISO 9001:2015 Awareness	29
2	ISO 9001: 2015 Internal Audit	30
3	GMP Awareness	25
4	HACCP Awareness	31
5	HACCP Internal Auditor	29
6	Halal Assurance Management Internal Audit	29
7	Pest Control Training	61
8	QC 7 Tools (Root Cause Analysis)	30

sustainability statement (cont'd)

9	Supervisory Management Skills	30
10	Food Handling	299
11	Understanding Occupational Safety, Health and Environment Requirement	29
12	Fire Fighting & Emergency Response Plan	30
13	ISO 14001:2015 Awareness	28
External		
14	Refrigerant Handling Certification	4
15	SST Principles, Concepts and Compliance	1
16	MFRS: Latest updates and developments	1
17	Changes in the Listing Requirements Post Companies Act 2016: What to look out for	1
18	Taxation -Latest Corporate Tax Issues Updates	1
19	MCCG and Bursa' s Listing Requirements-Application, Disclosure, Reporting	1
20	FOMEMA	2
21	DELL Technologies Forum	1
22	Security Trends 2018	1
23	Yeast Extract & Its Application	1
24	Program Seranta Perkeso Peringkat Rawang	1
25	Sesi Town Hall Pengurusan Pekerja Asing di Malaysia	2
26	Facilities Compliance on Import Duty Exemption (Licensed Manufacturing Warehouse, Sec 14(2) Customs Act 1967) Sales and Service Tax	4
27	Malaysia Commuting Accident and Road Safety	1
28	Certified Environment Professional in the Operation of Industrial Effluent Treatment Systems (Biological Processes/ BP)	2
29	Industrial Hygiene Technician (Chemical Monitoring)	1
	Total Participants	705

Teamwork is crucial to the sustainability of an organisation. Creating an environment where teamwork is encouraged will improve collaborative working, better skill blend, increase efficiencies and provides motivation thus increase employee retention.

Recognizing the importance of teamwork, we had held our Cocoland Team Building & Motivation 2018 on 16 and 17 September 2018 at De Rhu Beach Resort, Kuantan, Pahang.

The event created the opportunity for better interaction amongst co-workers regardless of their employment seniority, thus improved the participants' ability to develop better problem-solving skills and enhance their interpersonal skills.

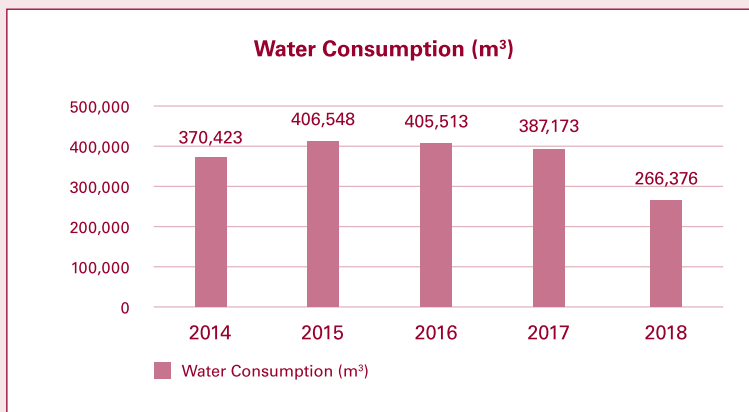
2. ENVIRONMENTAL SUSTAINABILITY MATTERS

As a manufacturer of F&B products, we are strictly required to comply with stringent regulations and laws to assure that our products are safe and compliant with the Malaysia Food Act 1983 & Regulations. As such, the usage of resources, particularly water, energy and product packaging are inevitable in the course of Cocoland's business operations. We do not practice reusing any form of resources as ingredient in our production process for safety and hygiene reasons, which could risk jeopardizing Cocoland's reputation in the name of cost-saving. Nevertheless, we remain watchful of the use of these resources, and implement conservation initiatives where applicable within our office space.

sustainability statement (cont'd)

2.1 Water Consumption & Management

In 2018, consolidating data from all our 4 manufacturing plants, warehouse and offices, we purchased a total water volume of 266,376m³, a reduction as compared to 370,423m³ of purchased water since we began tracking our water usage in 2014. We continue to explore different ways to achieve efficiency and optimisation of water usage for different departments.



Consolidated water consumption of all premises from year 2014 to 2018

2.2 Wastewater Treatment

We have three (3) main Waste Water Treatment Plants ("WWTPs"), also known as Industrial Effluent Treatment System ("IETS") set up at our Rawang plant; Lot 5, Lot 88 and Lot 100 respectively, which has improved the operations of wastewater treatment at Cocoaland.

As Cocoaland is in the F&B industry, it is crucial that we consistently improve our WWTP operations and regularly test and monitor via chemical and biological treatment in order to maintain clean and safe final water discharge. We ensure that all our WWTPs comply within the parameter of Malaysian Standard A, specified by the Department of Environment Malaysia ("DOE").

Malaysia Std A	
COD	<80 ppm
pH	6.50m – 7.50
TSS	<50 ppm
BOD	<20 ppm
Oil & Grease	<1 ppm
Formaldehyde	<1 ppm

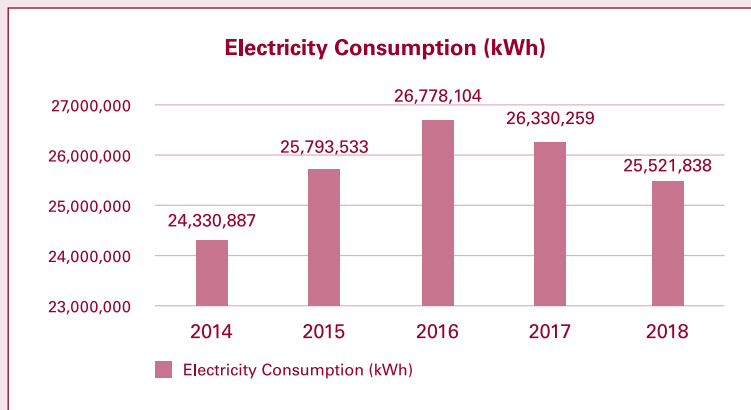
The 3 WWTPs in Rawang are currently being monitored by IETS Executives & team under the SHE Department (previously under supervision of Maintenance Department) since the establishment of the IETS division in August 2017. Our WWTP at Lot 100 is performing well with reduced chemical usage. The average water discharge quality marks Chemical Oxygen demand ("COD") is ≤40 parts per million ("ppm"). Meanwhile, we are in the midst of studying the WWTPs at Lot 5 and Lot 88 for the best method to improve water discharge quality.

sustainability statement (cont'd)

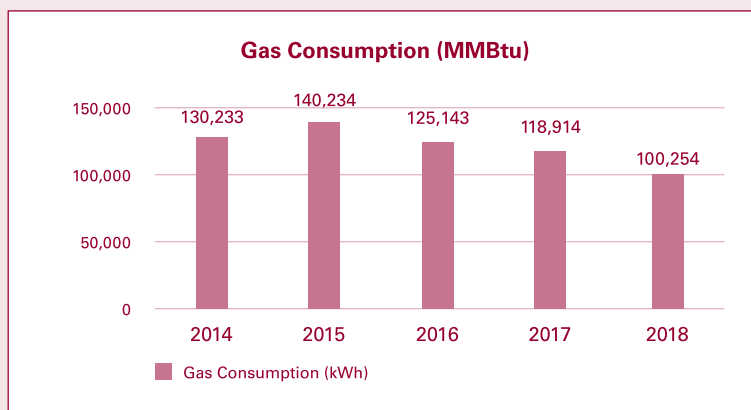
Average COD (PPM)	
	2018
Lot 5	40
Lot 88	38
Lot 100	32

2.3 Energy Consumption & Management

In 2018, consolidating data from all our 4 manufacturing plants, warehouse and offices, we utilised a total of 25.52 million kilowatts per hour (kWh) of electricity, a reduction as compared to 26.78 million kWh of electricity in 2016.



Consolidated electricity consumption of all premises from year 2014 to 2018



Consolidated gas consumption of all premises from year 2014 to 2018

Apart from declining utilisation of a production line, the reduced electricity consumption is attributable to the management and staff who have undertaken and practiced the initiative implemented throughout the premises, which is a campaign to remind all to switch off all lighting, air-conditioning and other electrical appliances in the office and pantry when they are not in use.

Cocoaland also has a policy to use energy-saving hardware to support its campaign. In 2018, at Lot 100, we had replaced close to 95% of the T8 36W fluorescent lights to T8 18W Light Emitting Diode ("LED") lights for our production floors and warehouse. We are currently in the progress to replace the high-

sustainability statement (cont'd)

bay lights and spot lights from 400W to 190W LED at the loading bays and walkways. We have also installed Variable Frequency Drive ("VFD") for one of the production areas to reduce fan speeds and control optimum air flow.

Meanwhile, at Lot 88, we have implemented energy-saving measures such as to modify the cooling tower water header from an individual cool water supply into a sharing cool water supply (Running 3 units of cooling tower instead of 4 units of cooling towers) for our hard candy plant. We have also installed motion sensors along walkways for lighting control to conserve energy when it is not in use. Currently, we are working on replacing some of the T5 28W fluorescent lights to T8 18W LED lights, as well as replacing spot lights from 400W to 190W LED. In addition, we have installed an energy meter to all sub-switch boards ("SSB"), which is able to monitor energy usage for each section or department. Given that our Lot 88 plant is much bigger than our plant at Lot 100, we still have more opportunities to save energy, especially with our retrofit lighting system.

2.4 Paper Consumption & Management

Nevertheless, Cocoland practices reduction of paper usage in office, where all departments and users whom requested for A4 paper is recorded and controlled by Human Resource Department. As part of our environmental effort, we encourage all staffs to opt for electronic correspondence and to recycle A4 paper where terms and conditions allowed.

Year	Total Reams
2016	1,995
2017	2,100
2018	1,950

2.5 Waste Management

Cocoland is compliant with the Food Act 1983, set by the Ministry of Health ("MOH"), Malaysia that the company does not use and reuse recycled materials in its manufacturing operation. Hence, we practice the segregation of materials in its disposal.

Recyclable waste items including plastic, metal, paper, oil, rejected food items and others, are sorted according to their type categories and are then collected by scrap vendors for recycling or reuse. In 2018, Cocoland recorded a total net weight of 903,030 kilograms of scrap material, which were sold to these vendors as indicated in the table below:

Scrap Sold / Recycled	
Year	Volume (Kg)
2016	962,420
2017	865,480
2018	903,030

On top of that, we also liaise with a licensed contractor for disposal of schedule waste items such as used ink cartridge, damaged equipment parts, batteries etc, to ensure that proper handling of these categories of waste as part of our environmental awareness effort.

3. SOCIAL SUSTAINABILITY MATTERS

3.1 Code of Conduct

We have on our website, Cocoland's Code of Ethical Business Conduct, which is applicable to all employees of the Group, reflecting the underlying shared values that we uphold. The Group also provides an avenue for whistleblowing for staff and external stakeholders, of which there were no reportable cases in FY2018.

3.2 Workplace

At Cocoland, we value the safety of our employees with great importance to ensure that the workforce remains an incident-free environment.

Presently, the SHE department has 4 members of staff and we have a Qualified Safety and Health Officer ("SHO"), who monitors closely and maintains our safety and health performance at Cocoland. Our SHE department personnel also provides standard operation policy ("SOP") briefings and internal trainings for employees pertaining to, among others; Hazard Identification, Risk Assessment and Risk Control ("HIRARC") chemical handling, noise awareness training, fit test, forklift safety and handling, ergonomic and manual handling, and fire extinguisher handling. In 2018, we have logged 23 training sessions for a total of 373 employees over a total span of 47.5 training hours.

We also engaged with an external provider to conduct an audiometric test for relevant employees in compliance with requirements under Occupational Safety and Health 1994 and Factories and Machinery 1967. A medical surveillance was also performed on selected employees in order to comply with USECCHH 2000, in Occupational Safety and Health 1994.

On 24 and 25 October 2018, we had organised Cocoland's SHE Campaign 2018, a 2-day program, which included talks and exhibitions by departments of government, and local and private agencies, free health check, an aerobics session, tree planting activity, as well as a communal cleaning activity.

We have also completed and achieved "CEMERLANG" for the 'Systematic Occupational Health Enhancement Level Programme' ("SOHELP") by the Department of Occupational Safety and Health, Malaysia.

One of our prominent efforts is the set-up of the SHE committee in April 2015 to oversee and carry out our annual activities, pertaining to occupational health and safety, pursuant to the Occupational Safety and Health Act 1994. Throughout the year, we have together with our SHE committee and Emergency Response Preparedness team, conducted annual fire safety drills at all our premises.

3.3 Community

While we strive for our business, we remain mindful towards giving back to the community as a way of appreciation for the people's support in Cocoland throughout our years of operation.

We had on 4 May 2018 conducted a Blood Donation Campaign in collaboration with National Blood Centre (Pusat Darah Negara) to answer the call of need for blood donors. The event was a success with participation by 89 employees of Cocoland.

In collaboration with Cocoland Sports Club, we successfully held our 2nd Cocoland Charity Run on 15 July 2018, with 296 participants comprising employees of Cocoland and their families participating in the Individual, Family, and Kids categories. We had successfully raised RM4,350.00 via the collection of

sustainability statement (cont'd)

registration fees, which were first utilised for the preparation of race packs for the participants, while the rest of the funds was channeled to Extension of LOVE & CARE activities in a disability home in Rawang.

On 18 November 2018, our CSR Committee organised a visit to Pusat Jagaan Titian OKU Nur, Rawang, Selangor as part of our Extension of LOVE & CARE programme. The home visit was participated by 29 employees of Cocoland. Our volunteers cleaned the home, prepared meals, played games and entertained the residents of the centre for the day.

Aside from organised activities, Cocoland also gives back in the form of product sponsorships and cash donation for schools and organisations. In 2018, Cocoland had contributed to the initiatives as listed below:

No.	Organisation / Receiver	Value (RM)
Cash Donation		
1	Sekolah Menengah Persendirian Chong Hwa Kuala Lumpur	20,000.00
2	Persatuan Orang Yang Amat Cacat Akal Selangor & Wilayah Persekutuan	5,000.00
Product Sponsorship (for events)		
1	Network 31 Old Folks Home	115.20
2	SJK (C) San Yuk, Rawang	751.68
3	Pembangunan Sumber Manusia Berhad	245.10
4	Pusat Jagaan Titian OKU Nur	314.16
5	SJKC You Hua Kajang	705.60
6	Sekolah Menengah Persendirian Chong Hwa Kuala Lumpur	1,017.60
7	2018 School Sponsorship Program "Sharing Happiness" - comprises 74 primary schools and 16 universities	143,088.31
	Total Contribution	171,237.65

Conclusively, we will continue to develop our existing strategy and monitor each sustainability matter closely to deliver progressive improvements in our future reporting.

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 2018 (“FYE 2018”).

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

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

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

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

corporate governance overview statement (cont'd)

- (xi) 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
- (xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

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

A. Executive Committee ("EXCO")

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

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

The Audit Committee was re-designated during the financial year to the ARMC. For details of its composition and activities during the FYE 2018, please refer to the ARMC Report on pages 44 to 45 of this Annual Report.

C. Remuneration Committee ("RC")

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

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

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

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

In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel. During the FYE 2018, the RC convened one (1) meeting and full attendance of the members were recorded at the meeting. The TOR of the RC are available for reference at www.cocoaland.com

corporate governance overview statement (cont'd)

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 2018 are categorised as follows:

Group	Salaries, emoluments and statutory contribution ⁽ⁱ⁾				Total RM'000
	Fee RM'000	Bonuses RM'000	Benefits in-kind ⁽ⁱⁱⁱ⁾ RM'000		
Non-Executive Directors:					
Dato' Azman bin Mahmood	60	-	-	3	63
Tan Sri Dato' Sri Koh Kin Lip	42	-	-	5	47
Chow Kee Kan @ Chow Tuck Kwan	48	-	-	5	53
Lim Yew Hoe	42	-	-	4	46
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
Executive Directors:					
Liew Fook Meng	36	1,037	90	11	1,174
Lau Kee Von	36	1,072	95	2	1,205
Lau Pak Lam	36	1,072	95	2	1,205
Lau Kim Chew	36	937	72	2	1,047
Tai Chun Wah	36	750	50	65	901
Total	414	4,868	402	101	5,785

Company	Salaries, emoluments and statutory contribution ⁽ⁱ⁾				Total RM'000
	Fee RM'000	Bonuses RM'000	Benefits in-kind ⁽ⁱⁱⁱ⁾ RM'000		
Non-Executive Directors:					
Dato' Azman bin Mahmood	60	-	-	3	63
Tan Sri Dato' Sri Koh Kin Lip	42	-	-	5	47
Chow Kee Kan @ Chow Tuck Kwan	48	-	-	5	53
Lim Yew Hoe	42	-	-	4	46
Soh Swee Hock @ Soh Say Hock	42	-	-	2	44
Executive Directors:					
Liew Fook Meng	36	-	-	4	40
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	414	-	-	34	448

Notes:

(i.) Statutory contributions comprised EPF

(ii.) Benefits-in-kind comprised meeting allowance and provision of company motor vehicle, petrol allowance, insurance and phone bill.

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:

corporate governance overview statement (cont'd)

Range of Remuneration	Number of Senior Management Staff
RM250,001 – RM300,000	1
RM700,001 – RM750,000	1
RM750,001 – RM800,000	1
RM800,001 – RM850,000	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 two (2) meetings 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.

corporate governance overview statement (cont'd)

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 composition and balance, roles and responsibilities 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.

corporate governance overview statement (cont'd)

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.

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 MCGG 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 have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, whereas Tan Sri Dato' Sri Koh Kin Lip has served as Independent Non-Executive Director of the Company for a cumulative term of more than 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 justifications:-

- 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

corporate governance overview statement (cont'd)

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.

Article 92 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. Article 98 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.) Mr. Lau Kee Von
- (ii.) Mr. Lau Pak Lam
- (iii.) Mr. Chow Kee Kan @ Chow Tuck Kwan
- (iv.) Mr. Lim Yew Hoe

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

corporate governance overview statement (cont'd)

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 for the financial year ended 31 December 2018 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	3/4
Lau Kee Von	3/4
Lau Pak Lam	4/4
Lau Kim Chew	4/4
Chow Kee Kan @ Chow Tuck Kwan	4/4
Lim Yew Hoe	3/4
Soh Swee Hock @ Soh Say Hock	4/4
Tai Chun Wah	4/4

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2018. 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 Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018	27 August 2018
	• Introduction to Corporate Liability Provision	6 September 2018
	• "How to develop business models from Integrated Reporting"	14 November 2018
Tan Sri Dato' Sri Koh Kin Lip	• Corporate Governance Guide "Moving from Aspiration to Actualization" – Unstacking the Guide for Application	25 January 2018
	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018	27 August 2018
Liew Fook Meng	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018	27 August 2018
Lau Kee Von	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018	27 August 2018
Lau Pak Lam	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018	27 August 2018

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Lau Kim Chew	<ul style="list-style-type: none"> Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018 	27 August 2018
Tai Chun Wah	<ul style="list-style-type: none"> Changes in the Listing Requirements Post-Companies Act 2016 : What to look out for MCCG and Bursa's Listing Requirements – Application, Disclosure & Reporting Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018 	8 February 2018 24 July 2018 27 August 2018
Chow Kee Kan @ Chow Tuck Kwan	<ul style="list-style-type: none"> MIA Forum with Audit Sole-Practitioners Audit Committee Conference 2018 Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018 Seminar Percukaian Kebangsaan 2018 Practical Auditing Methodology for SMPs 	29 January 2018 27 March 2018 27 August 2018 13 November 2018 18 December 2018
Lim Yew Hoe	<ul style="list-style-type: none"> Genetics and Biochemistry of Dairy Farming Dow Jones Sustainability Index – Journey towards Sustainability Development Creating and Sharing the value of growth through communication and collaboration Amazon's Culture for Innovation 	9 April 2018 19 April 2018 5 October 2018 23 October 2018
Soh Swee Hock @ Soh Say Hock	<ul style="list-style-type: none"> Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018 	27 August 2018
Lau Cheng Yew	<ul style="list-style-type: none"> Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad - Directors' Continuing Education Programme 2018 	27 August 2018

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.

corporate governance overview statement (cont'd)

Internal Audit Function

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

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

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

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

Compliance with Applicable Financial Reporting Standards

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

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

Investors Relations and Shareholders Communication

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

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

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

Shareholders and the public can also access information on the Group's background, products and financial performance through the Company's website www.cocoaland.com

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 9 April 2019.

Additional Compliance Information

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2018.

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 2018 were RM20,000 and RM131,715 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 2018 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 page 95 of the financial statements of the 2018 Annual Report.

Please refer to Part A, Section 2.2 of the Circular to Shareholders dated 29 April 2019 on the name of the related parties and the Company's relationship with the related parties.

Statement On Risk Management And Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance (“MCCG”) specifies that the Board of listed companies should establish and maintain a sound risk management framework and internal control system to safeguard the shareholders’ investments and the Companies’ assets.

This Statement on Risk Management and Internal Control is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements which require listed issuers to include in its Annual Report a statement detailing the state of risk management and internal control of the Company and its subsidiaries and guided by the latest “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” (the Guidelines”) endorsed by Bursa Malaysia Securities Berhad (“BMSB”).

In here, the Board of Directors of Cocoland Holdings Berhad is pleased to present the statement on the Risk Management and Internal Control of the Group and its operating subsidiaries for the financial year ended 31 December 2018 and up to the date of approval of this statement.

BOARD RESPONSIBILITY

The Board of Directors (“Board”) is responsible for maintaining a sound system of risk management and internal control and for reviewing their adequacy and effectiveness in order to ensure Group’s policies, business objectives and strategies will be achieved. The Board manages the Group’s key areas of strategic and operating risk within an acceptable risk profile by closely monitoring the likelihood as well as their financial impact in Group’s risk register. The Board continually reviews the system also to ensure it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against any loss and fraud.

The Board has established a continuous process for identifying, evaluating and managing the key risks faced by the Group and this process is enhanced by the thorough consideration of the latest development in business environment and regulatory guidelines. Furthermore, the Board understands the significant risks of the business that the Group is engaged in and accepts that any business decision shall require the balancing between risk and return in order to achieve ultimate corporate objective – maximising shareholders’ wealth.

RISK MANAGEMENT

To fulfil oversight risk role, the Board through delegation to the Audit and Risk Management Committee (“ARMC”) to ensure the adequacy and integrity of the risk management and internal control system are in place which comprises of implementation of management’s mitigating strategies and actions to address key identified risks.

Risk Steering Committee (“RSC”) assists ARMC in the review of the Group’s risk management policy and framework. The RSC members consist of the chairperson from an Executive Director with the assistance of the Accountant and Quality Compliance Manager as joint secretaries, other Executive and Non-Executive Director, and Heads of Department.

The RSC conducted two (2) risk management meeting annually to updates, identifies, and manage all risks recorded in the risk register that have a current, mid- and long-term financial impact to the Group’s operation, financial performance and compliance. The risk register was referred by the Internal Audit function for work planning purposes.

The Group’s risk management policy and framework was established with reference to ISO 31000 Risk Management Principles and Guidelines. Furthermore, the policy is enhanced by the establishment of a quality management system under ISO 9001: 2015 when identifying, quantifying, managing and reporting the key risks to the Group.

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

Key Internal Control Elements

1. Organization structure, roles and responsibilities

A defined organization structure and reporting responsibilities of all job roles has been established and formalised.

2. Business plan and budgetary control

On a yearly and periodic basis, Management prepared and presented updates and revision (if required) of its annual business plan comprising comparative and review analysis of previous business performance; action plans; market outlook; current and projected capacity usage, capital expenditure; and projected sales.

3. Delegation of authority

The Board and Management had clearly defined responsibilities and delegation of authorities across all levels within the Group. These were defined in a Chart of Authority which enabled timely response to changes affecting the Group's operations.

4. Conduct and ethics

The Group formalised and adopted Whistle-blowing Policy, Anti-bribery and Corruption Policy and Code of Ethical Business Conduct to reinforce its current practices and business conduct.

5. Policies and procedures

The Group's quality and internal control policies and procedures were documented subject to document control management and distribution. This enabled the Group's key policies, rules, and regulations to be distributed and communicated to all employees.

6. Management and control processes

The Group Executive Directors were hands-on in managing and overseeing critical business processes and functions of the Group.

Segregation of duties was applied and practised throughout the Group to maintain a healthy check-and-balance mechanism within the Group.

7. Information and communication

During the year, Management established an Operational Committee ("OC") comprising heads of department. The OC was established to ensure smooth operations and communications from operations to Management. The OC met monthly to discuss issues faced by each department, action plans and follow-up on previous issues.

8. Internal audit

The Internal Audit function conducts independent risk-based audits and provides assurance that the design 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.

Assurance from Management

The Board had received a letter of assurance dated 27 February 2019 from the Executive Director and Finance Director with regard to the adequacy and effectiveness of the Group risk management and system of internal control in place throughout the financial year.

Review of this Statement by the External Auditors

As required by Bursa Securities' Main Market Listing Requirements (MMLR) Paragraph 15.23, the external

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

auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was 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 included in the Annual Report, issued by the Malaysia 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 is made in accordance with the resolution of the Board dated 9 April 2019.

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 2018.

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 2018, 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 2018. At the invitation of the AC, 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 2018. The ARMC also had private discussions with the External Auditors without the presence of the Executive Directors. The attendance of each member at the AC 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	3/4

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

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

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 report directly to the AC 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;
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 assessed the adequacy and effectiveness of the Group's governance, risk management and internal control systems. Periodic internal audit reviews were performed covering the following areas:-
 - Corporate governance review
 - Sales & marketing management (Shenzhen)
 - Advertising & promotions management (Shenzhen)
 - Cost control (Shenzhen)
 - Sales processing (Shenzhen)
 - Credit control & collections management (Shenzhen)
 - Stock management of stocks kept in 3rd party warehouse (Shenzhen)
 - Quality assurance management (Lot100)
 - Quality control management (Lot100)
 - Capital expenditure acquisition
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 yearly summary of internal audit findings and status reports; and
7. Reviewed the quarterly recurrent related party transactions report prepared by Management prior to tabling of the same to the ARMC for review.

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 2018, the total cost incurred for outsourcing of internal audit function was RM77,243.

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 2018, the Board is satisfied that the ARMC have carried out their duties in accordance with their Terms of Reference.