Sharing the Happiness

Annual Report 2017

cocoaland®

COCOALAND HOLDINGS BERHAD
(516019-H)

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Notice Of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) 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, 30 May 2018 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 2017 together with the Reports of the Directors and Auditors thereon. — Please refer to Explanatory Note (a)

2. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Constitution:-

   (i) Dato' Azman bin Mahmood — **Resolution 1**
   (ii) Tan Sri Dato' Sri Koh Kin Lip — **Resolution 2**
   (iii) Mr. Tai Chun Wah — **Resolution 3**

3. To elect Mr. Lau Kim Chew who retires pursuant to Article 98 of the Company's Constitution. — **Resolution 4**

4. To approve the payment of Directors' fees of up to RM586,500 and benefits of up to RM50,000 from this AGM until the next Annual General Meeting of the Company. — **Resolution 5** Please refer to Explanatory Note (b)

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration. — **Resolution 6**

AS SPECIAL BUSINESS:

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

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — **Resolution 7** Please refer to Explanatory Note (c)

   "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 30 April 2018 which are necessary for the day-to-day operations and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company.

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

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

(iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.

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."

7. **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 :-

Resolution 8
Please refer to Explanatory Note (d)

(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;
(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.

8. **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 twelve (12) years be and are hereby retained as Independent Non-Executive Directors of the Company:-

(i) Dato' Azman Bin Mahmood **Resolution 9**
(ii) Mr. Chow Kee Kan @ Chow Tuck Kwan **Resolution 10**

Please refer to Explanatory Note (e)

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 FOO TENG (MACS 00601)
Company Secretaries

Kuala Lumpur
Dated: 30 April 2018

Notes:-

(i) Only members whose names appear in the Record of Depositors as at 22 May 2018 will be entitled to attend and vote at the Meeting.
(ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
(iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.
(v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 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 2019. 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 30 April 2018, dispatched together with the Company's 2017 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 30 April 2018, which is dispatched together with the Company's 2017 Annual Report.

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

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

- They fulfill the criteria under the definition on independent director as stated in the Listing Requirements of Bursa Securities; and hence, they would be able to provide an element of objectivity, independent judgment and balance to the Board;
- Their experiences in the financial and other relevant sections enable them to provide the Board and Board Committees with pertinent expertise, skills and competence; and
- They have been with the Company since 2004 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 and 10, if passed, will enable Dato' Azman Bin Mahmood and Mr. Chow Kee Kan @ Chow Tuck Kwan 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.

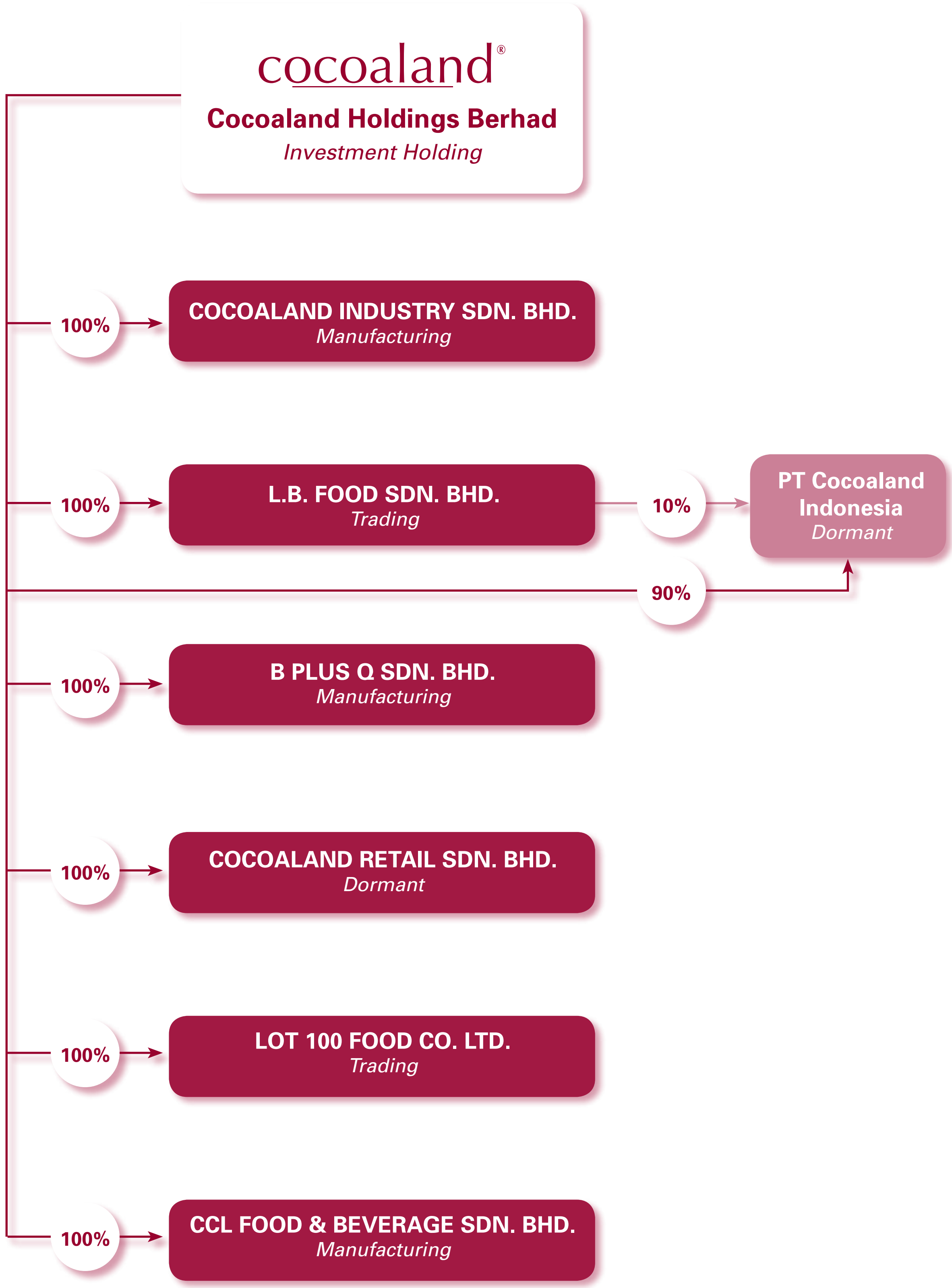
Statement Accompanying
Notice Of Annual General Meeting

The Director standing for election pursuant to Article 98 of the Constitution of the Company at the Eighteenth Annual General Meeting is Mr. Lau Kim Chew. His profile is stated on page 12 of the 2017 Annual Report.

Corporate **Information**

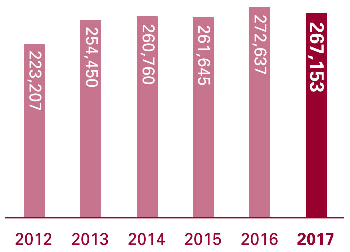
BOARD OF DIRECTORS	**Dato' Azman bin Mahmood** *(Chairman / Independent Non-Executive Director)* **Tan Sri Dato' Sri Koh Kin Lip** *(Senior Independent Non-Executive Director)* **Liew Fook Meng** *(Executive Director)* **Lau Kee Von** *(Executive Director)* **Lau Pak Lam** *(Executive Director)* **Lau Kim Chew** *(Executive Director)* **Tai Chun Wah** *(Executive Director)* **Chow Kee Kan @ Chow Tuck Kwan** *(Independent Non-Executive Director)* **Lim Yew Hoe** *(Non-Independent Non-Executive Director)* **Soh Swee Hock @ Soh Say Hock** *(Non-Independent Non-Executive Director)* **Lau Cheng Yew** *(Alternate Director to Lim Yew Hoe)*
AUDIT & RISK MANAGEMENT COMMITTEE	**Chow Kee Kan @ Chow Tuck Kwan** *(Chairman / Independent Non-Executive Director)* **Tan Sri Dato' Sri Koh Kin Lip** *(Member / Senior Independent Non-Executive Director)* **Mr. Lim Yew Hoe** *(Member / Non-Independent Non-Executive Director)*
REMUNERATION COMMITTEE	**Dato' Azman bin Mahmood** *(Chairman / Independent Non-Executive Director)* **Tan Sri Dato' Sri Koh Kin Lip** *(Member / Senior Independent Non-Executive Director)* **Chow Kee Kan @ Chow Tuck Kwan** *(Member /Independent Non-Executive Director)* **Soh Swee Hock @ Soh Say Hock** *(Member / Non-Independent Non-Executive Director)*
NOMINATING COMMITTEE	**Chow Kee Kan @ Chow Tuck Kwan** *(Chairman / Independent Non-Executive Director)* **Dato' Azman bin Mahmood** *(Member / Independent Non-Executive Director)* **Tan Sri Dato' Sri Koh Kin Lip** *(Member / Senior Independent Non-Executive Director)*
COMPANY SECRETARIES	Ng Heng Hooi *(MAICSA 7048492)* Wong Mee Kiat *(MAICSA 7058813)* Yap Foo Teng *(MACS 00601)*
CORPORATE WEBSITE	www.cocoaland.com
AUDITORS	**UHY** *(Chartered Accountants)* Suite 11.05, Level 11, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Tel: 03-2279 3088 Fax: 03-2279 3099
PRINCIPAL BANKERS	Citibank Berhad Public Bank Berhad RHB Bank Berhad
CORPORATE OFFICE	Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan Tel: 03-6091 3131 Fax: 03-6091 5131
REGISTERED OFFICE	Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur Tel: 03-2072 8100 Fax: 03-2072 8101
SHARE REGISTRAR	Bina Management (M) Sdn. Bhd. Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan Tel: 03-7784 3922 Fax: 03-7784 1988
STOCK EXCHANGE LISTING	Bursa Malaysia Securities Berhad – Main Market Stock Code: 7205

Corporate **Structure**

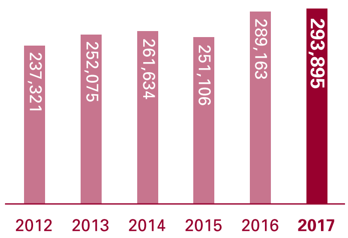


Financial **Highlights**

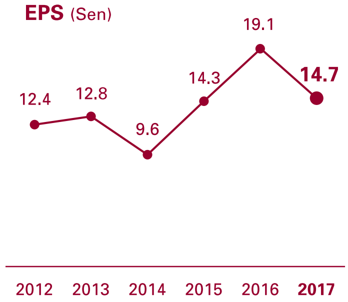
Turnover (RM'000)



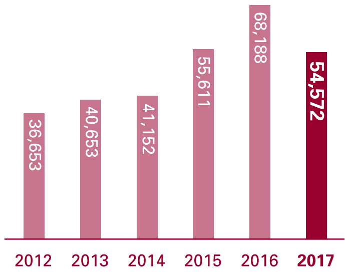
Total Assets (RM'000)



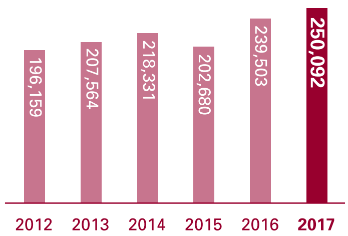
EPS (Sen)



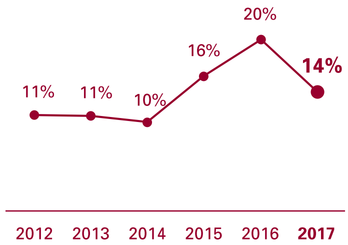
EBITDA (RM'000)



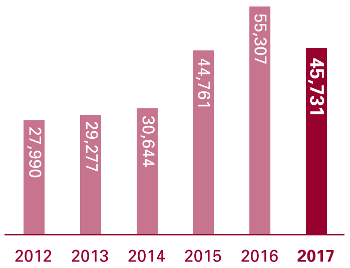
Shareholders' Equity (RM'000)



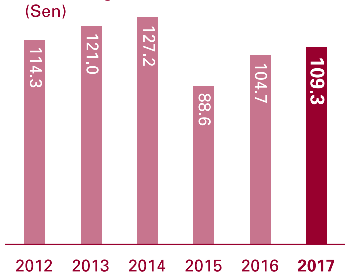
Return on Average Equity



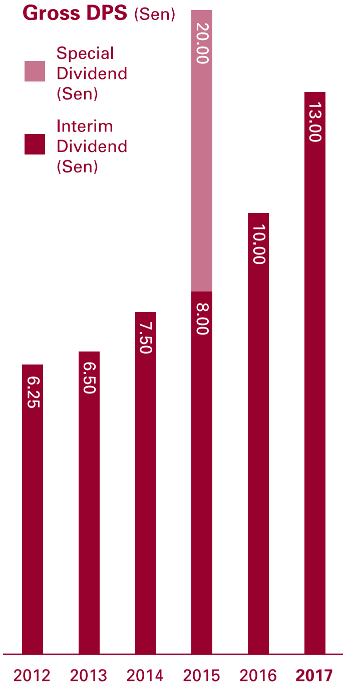
Profit Before Income Tax (RM'000)



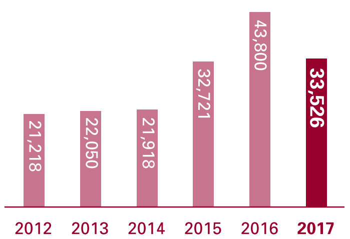
Net Tangible Assets Per Share (Sen)



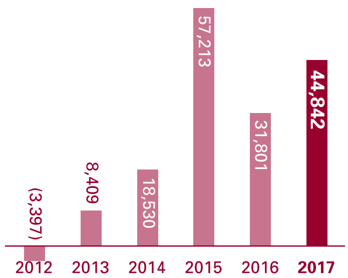
Gross DPS (Sen)



Profit After Income Tax (RM'000)



Free Cash Flow (RM'000)



Directors' **Profile**

DATO' AZMAN BIN MAHMOOD

67 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 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

69 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, an Independent Non-Executive Director of Daya Materials 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

70 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.

He is a Non-Independent Non-Executive Director of SCH Group Berhad. 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

65 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.

LAU PAK LAM

60 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

53 years of age, Male, Malaysian
Executive Director

He was appointed to the Board on 28 August 2017.

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

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

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

CHOW KEE KAN @ CHOW TUCK KWAN

65 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

52 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.

TAI CHUN WAH

51 years of age, Male, Malaysian
Executive Director

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

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

He also holds other directorships in Cocoaland Group of Companies.

SOH SWEE HOCK @ SOH SAY HOCK

56 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 First Vice President, Export/ Business Development Division.

He is a member of the Remuneration Committee.

LAU CHENG YEW

55 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 - Commercial & Business Development of F&N Beverages Marketing Sdn Bhd.

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

72 years of age, Male, Malaysian

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

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

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

LIEW YOON KEE

69 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 Cocoaland Group of Companies.

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

LAU KWAI CHOON

57 years of age, Male, Malaysian

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

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

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

TAN CHONG HIN

58 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**

Dear Shareholders,

We have the pleasure in presenting to you our 2017 Annual Report and Audited Financial Statements.

Financial Performance

Despite challenging operating environment due to high raw material costs, volatile USD/MYR foreign exchange rates as well as beverage price war, Cocoaland Holdings Berhad ("Cocoaland" or the "Group") achieved revenue of RM267.2 million for the financial year ended ("FYE") 31 December 2017, representing a 2.0% or RM5.4 million decrease from RM272.6 million recorded in its previous financial year ("FY") 2016. Revenue for the FY2017 was mainly contributed by gummies but was dragged down by the lower revenue from beverage and hard candies.

Gross profit recorded RM77.1 million for FY2017, representing a decrease of 1.9% vis-a-vis RM78.6 million recorded in the preceding financial year. The decrease was mainly due to higher material costs as well as production labour costs. However, there was a marginal improvement in gross profit margin which stood at 28.9% compared to 28.8%.

The Group achieved profit before tax ("PBT") of RM45.7 million for FY2017, representing a 17.2% or RM9.6 million decrease compared to RM55.3 million for the FY2016. The lower PBT was mainly due to higher expenses incurred on product exhibitions and promotional activities as well as foreign exchange losses as a result of the strengthening of Ringgit Malaysia against the USD. In FY2017, the product exhibition and promotion expenses increased by 33.5% compared to the preceding year as one of our effort in strengthening its brand in the consumer market.

Malaysia remained as Cocoaland's main market by contributing 44.4% of total revenue recorded for the FY2017. Eastern Asia and South East Asia contributed 27.5% and 15.3% respectively towards FY2017 total revenue, followed by Middle East 10.1% and others at 2.7%. Overall, revenue growth for the overseas market was led by South Korea, Vietnam and China. The laggards meanwhile were Saudi Arabia and Hong Kong.

Financial Position

Given Cocoaland's strong past earnings record, Cocoaland's shareholders' funds remained strong as it registered an increase of 4.4% or RM10.6 million to achieve RM250.1 million for FY2017 compared to RM239.5 million in the preceding financial year. Furthermore, the Group continues to maintain strong financial position with an increase in its net cash position as at FY2017 as it recorded a 33.9% or RM22.2 million to achieve RM87.6 million vis-a-vis RM 65.4 million recorded in FY2016.

Dividend Policy

While Cocoaland does not have a dividend policy in place, its average track record based on the past ten years for dividend payout stands at 71%. On 27 February 2018, the Group declared a first interim single-tier dividend of 13.0 sen per ordinary share amounting to RM29.74 million in respect of the FYE 31 December 2017, which was paid on 5 April 2018. The Group, however, does not recommend a final dividend to be paid in respect of the FY2017.

Business Operations and Development

Cocoaland expects to further expand its footprints in Indonesia in FY2018, with the progressively approval on the distributorship of its own brand products such as gummies and choco pies while expecting sales contributions from its existing businesses in China, South Korea and Vietnam. Cocoaland targets to reach higher proportion of revenue from overseas markets as the Group looks for more market shares in overseas markets for FY2018.

Cocoaland's operational focus on differentiating itself through high quality products continues to lead the Group towards better performance. Quality assurance is important to ensure only quality products are supplied to customers. Cocoaland is also committed to understanding current consumers' needs and trends. In the 4th quarter of FY2017 , the Group launched a premium product i.e. "A' Fresh gummy", which are enhanced with vitamins, calcium, collagen, colostrum and DHA through online e-commerce platforms. In November 2017, the online credit card payment gateway was successfully activated. In near future, Cocoaland will allocate more advertising and promotional resources to market its existing and new products in overseas markets such as Indonesia, China, South Korea and Vietnam.

In addition to its expanding higher quality products in particular to cater for the sales growth in gummies, Cocoaland expects to commence a new gummy line project towards the second half of 2018 located in Rawang with expected capital expenditure projected at RM42.0 million. Cocoaland is also working towards to expand its gummy products in terms of new flavours and healthier ingredients to cater for demand in both local and overseas markets.

Cocoaland has projected a RM56.1 million capital expenditure for FY2018 which is mainly for acquisition of plant and machinery and factory equipment. The aim is to upgrade and expand its facilities to further increase production capacity as well as capability in producing higher quality products to meet the growing demand towards naturally healthy foods and beverages. With the rising labour cost and production overheads, Cocoaland is exploring new ways to further enhance automation and workforce development in its operational and manufacturing processes to improve operational efficiencies. This in turn helps to reduce the reliance of labour force. Cocoaland is aiming for increasing cost-saving measures and higher productivity in FY2018.

There will be about of US$10.0 million or RM39.0 million for use in the event of merger and acquisition opportunities. The Group is targeting manufacturers and distributors in Asian countries.

Industry Outlook & Company Prospect

Amidst the challenging external operating environment due to volatile prices of raw materials, the shortage of labour force, the strengthening of Ringgit Malaysia against US Dollar and heighten competition from industrial players, Cocoaland will continue to strive in FY2018. To remain competitive in the market, Cocoaland will strive to improve its product quality and venture into new overseas markets. Nevertheless, the Group expects further growth in FY2018 especially in its gummy products with its strong track record of net cash position and zero net gearing.

Sustainability **Statement**

Dear Shareholders,

We have the pleasure in presenting to you our 2017 Sustainability Statement. Cocoaland Holdings Berhad ("Cocoaland" or "Group") is committed to making a positive impact on the environmental, economic and social space as much as its continuous commitment in creating shareholders' value throughout the years.

Environmental Impact

Cocoaland places importance in its role to help preserve the environment, and is always researching new ways to make its products, operations and corporate offices as environmentally friendly as possible.

(I) Water

For decades, water was seen as an easily accessible commodity in processing environments, but attitudes are starting to change due to increasing drought conditions and recent water pollution crises. Increased demands are being placed on fresh water supplies in almost every geographic location. According to the study of Kajian Sumber Air Kebangsaan by Water and Energy Consumer Association of Malaysia, water demand is predicted to rise by 63% for domestic, industrial and drainage sector i.e. 10,833 million meter cubic in year 2000 to 17,675 million meter cubic in 2050.

Food and beverage processing is the third highest water consumer with circa 90 million meter cubic water consumed compared to other manufacturing divisions according to Department of Statistics Malaysia. Chemicals and chemical products topped the ranking in terms of water consumption, followed by computer, electronics and optical products.

As a result, food and beverage manufacturers are increasingly in the position of having to compete with local populations for access to fresh water. Water is an essential input for the food and beverage industry as it requires massive usage of water during production.

Cocoaland has three (3) main water treatment plants for its respective factories in Rawang, namely Lot 100 which manufactures gummies and candies, Lot 88 which manufactures beverages and candies and Lot 5 which manufactures biscuits, wafers and chocolate pies. Lot 88 recorded the highest volume of water usage mainly due to the water consumption of its Beverage Production division, followed by its Candy Production plant which produces hard and soft candies.

The total volume of water withdrawn is used for both production and non-production purposes. Non-production refers to water usage for toilet, canteen and machine cleaning purposes. For the beverage production plant Lot 88, raw water from Jabatan Bekalan Air must be processed in Soft Water Plant before being further processed into Reverse Osmosis ("RO") water as only RO water can be used for raw material production. Whereas, soft water is used at CIP & Boiler systems. Furthermore, cooling towers system also requires water to operate.

As a manufacturer of food & beverage products which must comply with stringent regulations and laws to assure our products are safe and compliant with the Malaysia Food Act 1983 & Regulations, water usage is inevitable in the course of business operations of Cocoaland.

The waste water treatment plants are run as per operational requirements i.e. (i) treating the waste water from production, (ii) ensuring that the waste water fulfills the standard set by Department of Environment ("DOE") before (iii) discharging the waste water to the drainage system, and finally (iv) sending online reports to DOE. Currently, there are no recycling measures of effluent water for other use. At Lot 88, there is a well where the extracted underground water is used for cleaning purposes. The extracted underground water at Lot 88 has helped to reduce the water withdrawn by about 5% to 10%. Different department continues to explore different ways to achieve efficiency and optimisation of water usage.

(II) Product Packaging

Cocoaland places importance on its product quality assurance. In fact, Cocoaland must comply with the Malaysia Food Act 1983 & Regulations, and is required to be audited from time to time by various parties and government agencies such as Ministry of Health Malaysia, Jabatan Kemajuan Islam Malaysia (JAKIM) and our OEM customers.

As a manufacturer of food and beverage products, using recycled materials may cause contamination, thus raise public scepticism on our product safety. Against the backdrop of this consideration, Cocoaland does not recycle materials for its product package. We shall not jeopardise our reputation in the name of cost saving. However, Cocoaland continues to look for ways to improve efficiency and optimisation of materials but not at the expense of its product quality.

(III) Waste Management

Currently, Cocoaland practises segregation of materials in its disposal. Scrap items, which are rejected by Quality Control, are segregated and sorted according to their type such as metal scrap, plastic scrap, carton box, snack, etc. These scrap items are then collected by various scrap vendors for recycling or reuse as indicated in the table below. In 2017, a total net weight of 878,180 kilograms of scrap was sold to these vendors.

	Type of Scrap	Reuse/ Upcycle
1	Metal/ stainless steel/ copper/ aluminium scrap	Compressed & recycled
2	Metal/ plastic drum	Storage use/ recycled
3	Sugar/ corn/ glucose bag	Plantation/ storage use
4	Rejected corn grit/ snack/ biscuit	Reproduced for livestock food
5	Plastic/ printing/ wrapping/ pet bottle	Compressed & recycled
6	Carton box	Reused/ shredded & recycled

(IV) Energy

As a manufacturer of food and beverage products with various production plants, energy consumption is inevitable to operate its production sites, factories and warehouses as well as equipment such as its boiler production equipment. Cocoaland generally promotes energy conservation and practices prudence in its energy consumption. All staffs are required to exercise discipline in ensuring all electrical appliances including air-conditioners, lightings, machines, equipment to be switched off whenever they are not in use. As per company policy, the last person who leaves the workstation must ensure that all electrical appliances are switched off and premises are securely locked. We are proud to share that the employees in Cocoaland are being very cooperative in conserving energy. This is reflected in Cocoaland's track record of operational efficiency, be it in terms of its bottom-line or operational practices. Cocoaland continues to monitor and adjust its consumption necessarily to achieve operational optimisation.

Economic Impact

(I) Corporate Social Responsibility

In 2015, a Corporate Social Responsibility ("CSR") committee was set up to establish Cocoaland as a socially responsible organisation which contributes towards the sustainable development including health and welfare of society. The committee plans, executes and coordinates the Group's CSR activities yearly. It also reviews the integrated CSR programs and activities to ensure they are consistent with the Group's CSR policy. The CSR Policy, which sets out Cocoaland's commitment and approach towards CSR, has also been put in place in line with Cocoland's strong belief in fulfilling its social responsibilities in the community in which it operates in addition to nationally operating a profitable business. With that, Cocoaland is committed to participate in various CSR activities with the aim of caring and giving back to the society.

In the same manner, Cocoaland encourages the participation of its employees in CSR activities such as donating for co-workers, supporting the needy medical treatment cost of co-workers or their family members. Such donation is typically in the form of cash. Cocoaland extends such volunteering and participation to environmental and social activities in the community where the employees live and work.

On 11 April 2017, a blood donation drive was held in collaboration with National Blood Bank or Pusat Darah Negara. The theme for our Blood Donation Day was "Your Gift of Life". Following the blood donation event, a feedback survey form was distributed to evaluate the level of support. The event received overwhelming response from our staffs. Furthermore, the fund raised from the runners and corporate sponsors from Charity Run 2017, which was held on 16 September 2017, was channeled to two (2) orphanage homes, namely Pusat Jagaan Baitul Lathofah and Pertubuhan Kebajikan Epharatha in Rawang.

(II) Job Creation

At the front of economic impact for local community, Cocoaland has provided job opportunities to locals as 101 locals were employed during the set-up of first factory in Kampar. Within these three decades due to company expansion, another four factories were setup, three in Rawang and one in Kepong respectively. As at December 2017, the local hires have been increased by 5 times to 644 employees.

Social Impact

In addition to making positive economic and environmental footprints, Cocoaland thrives to make more social impact and create value for its stakeholders especially our employees in line with Cocoaland's belief that people are the greatest asset.

(I) Rights and Ethics

Cocoaland has always been committed to operating its business ethically and to leading the organisation with integrity. The Cocoaland makes great efforts to ensure that all employees are treated right and fairly in the workplace. Cocoaland's Code of Ethical Business Conduct applies to all employees working at all levels and grades regardless of term of employment be it permanent, fixed-term or temporary, consultants, contractors, trainees, any other persons associated with the Group, and any of the Group's subsidiaries and their employees, wherever they may be located.

In its hiring and employment practices, Cocoaland's Code of Ethical Business Conduct prohibits the use of child labour where the term "child" refers to a person who has not reached fifteenth (15) years of age. Hires must meet the local legal minimum age for employment or the age for completing compulsory education. Cocoaland's Code of Ethical Business Conduct also prohibits the use of any forced or involuntary labour, be it prisoned, bonded, indentured or otherwise. Moreover, the policy ensures freedom from discrimination in terms of salary, benefits, fair compensation, advancement, discipline, termination or retirement regardless of race, religion, age, nationality, social or ethnic origin, sexual orientation, gender, political opinion or disability.

Furthermore, Cocoaland values all employees and treats all employees with dignity and respect, and strongly prohibits coercion and harassment. Its Code of Ethical Business Conduct prohibits corporal punishment, threats of violence as well as any other forms of physical, sexual, psychological or verbal harassment and abuse. In fact, Cocoaland is committed to providing all employees with a safe and healthy workplace including reasonable access to potable water and sanitary facilities, fire safety, adequate lighting and ventilation as well as decent working condition. In 2017, four (4) fire drill exercises were conducted in Cocoaland's four

(4) factories, namely Lot 5, Lot 88, Lot 100, and Lot 30 on 20 April 2017, 10 July 2017, 2 August 2017 and 24 November 2017 respectively.

Cocoaland's Code of Ethical Business Conduct ensures that all safety procedures are followed by all employees. Any safety hazards, unsafe behavior, threats or acts of violence, which interfere with Cocoland's commitment to creating a safe and healthy working environment, are not be tolerated and must be reported accordingly to the management.

(II) Employee Engagement and Development

Our workers form the foundation of Cocoaland and are the key driver of the future of Cocoaland. Cocoaland remains committed to invest in training and developing its employees, equipping its employees with the right skills to carry out their jobs. Our employee engagement initiatives have translated to our high level of customer service and maximised revenue. For the financial year ended 31 December 2017, Cocoaland recorded revenue of RM267.2 million. With a total of 1,325 employees, that translates to revenue per employee of RM201,625.

Total employees	1,325
Revenue (RM)	267,153,468
Revenue per employee (RM)	201,625

In 2017, Cocoaland initiated the distribution of career development forms to various head of departments to help with departmental succession planning and employees' career development within the department and the organisation as well as the retention of talents.

Furthermore, Cocoaland provided external Safety and Health training and Internal Training courses throughout every quarter of 2017 for the employees, across all levels of workers including management and executive personnel, line leaders and assistants as well as general workers. The external Safety and Health Year 2017 courses, inter alia, included:

(i) 20th Conference and Exhibition on Occupational Safety and Health
(ii) Monitoring Noise Exposure
(iii) FMM Industrial Waste Management Conference 2017
(iv) Seminar Pematuhan Akta Kualiti Alam Sekeliling 1974
(v) Seminar Perundangan dan Keselamatan Gas 2017.

Internal training courses which were held in 2017, inter alia, included:
(i) Chemical Management
(ii) Safety Handling for Forklift
(iii) Personal Protective Equipment ("PPE") Requirement

These regular training programs and workshops were implemented from time to time in order to equip the employees with the right skills and to keep the employees abreast of the development of industry. The participation of our employees was encouraging.

Cocoaland also takes initiatives to organise various social activities such as team building and motivation programmes for our employees. In 2017, Cocoaland Team Building and Motivation Activity was held in Corus Paradise Hotel Port Dickson on the 6 and 7 May. Ratings gathered from the team-building survey form, which was circulated to participants thereafter, was favourable. The objective of the event was overall achieved as it successfully built a positive team-building environment amongst the staffs across all working levels. Employee engagement promotes cohesiveness and forges a better sense of belonging amongst employees.

(III) Diversity

Within our employee base, we have 38 people in managerial level positions with 14 persons female (37%) and 24 male (63%) respectively. Furthermore, Cocoaland advocates gender equality whereby men and women are treated equally in terms of promotion and superiority. All employees regardless of age, ethnicity and gender are entitled to salary, performance bonus and medical benefits based on their professional contribution and performance.

Furthermore, we promote open two-way communication because every employee is important to us. Considering that different people prefer to receive information in different ways, there is a variety of ways of communicating including e-mails, memos, intranet, social media, formal meetings, informal meetings, survey and feedback forms available to employees. Feedback from employees is gathered and analysed as we continuously work to improve the working environment in Cocoaland. Taking the aforementioned training courses for example, Cocoaland conducted post-training evaluation to evaluate the effectiveness of the training for further improvement. The evaluation was typically to gauge (i) how well the training programs met the learners' needs and objectives, (ii) the knowledge and skills the training imparted to learners as well as (iii) the desirable change the training has brought in the learners' performance.

(IV) Community Impact

Cocoaland supports meaningful causes which serve the interest of needy people and benefit the community at large including disaster relief and rehabilitation through appropriate agencies, hence is always open to consider community requests to offer its contributions and donations, be it in cash or in kind.

In 2017, Cocoaland's Product Sponsorship Program Year 2017 contributed products worth of RM273,102. Out of the RM273,102, majority of them contributed to 2017 School Sponsorship Program "Sharing Happiness". Seventy-seven (77) primary schools in Kuala Lumpur, Selangor and Pahang were the recipients of Cocoaland's sponsored goods for their respective Sports Days and Children Days. These sponsored products include Cocopie, Lot 100 gummies, Lot 100 candy tubes, and Fruit 10 Aloe Vera.

In addition to schools, Cocoaland also contributed towards social causes in line with its principles. For instance, Cocoaland sponsored

(i) Cocopie for the "30 Hour Famine" organised by World Vision Malaysia on 28 July 2017;
(ii) Pumperz and Cocopie for various charity marathons.

Amongst other sponsorships, Cocoaland sponsored

(i) door gifts for Program Kursus Memperkasakan Kepemimpinan & Pengurusan Persatuan Ibu Bapa Dan Guru ("PIBG") Sekolah-sekolah Malaysia to Majlis Permuafakatan PIBG Gombak;
(ii) hampers for Chinese New Year 2017 Celebration and CSR Program Karnival Sihat Selangor 2017 & Semburan Aerosol Selangor to Majlis Perbandaran Selayang; and
(iii) various products for Asian Medical Student Association (AMSA) Community Service 2017 program at Sekolah Kebangsaan Bangi, Selangor organised by University Kebangsaan Malaysia (UKM).

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 2017 ("FYE 2017").

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 balanced 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 Corporate Conduct 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;

(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 MCCG.

A. Executive Committee ("EXCO")

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

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

The Audit Committee was re-designated during the financial year to the ARMC. For details of its composition and activities during the FYE 2017, please refer to the ARMC Report on pages 40 to 41 of this Annual Report.

C. Remuneration Committee ("RC")

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

Members	Designation
Dato' Azman bin Mahmood	Chairman - Independent Non-Executive Director
Tan Sri Dato' Sri Koh Kin Lip	Member – Senior Independent Non-Executive Director
Chow Kee Kan @ Chow Tuck Kwan	Member - Independent Non-Executive Director
Soh Swee Hock @ Soh Say Hock	Member – Non-Independent Non-Executive Director
Liew Fook Meng (Resigned on 28 August 2017)	Member - 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 2017, 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

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 2017 are categorised as follows:

Group	Fee RM'000	Salaries and bonuses RM'000	Statutory contribution(i) and other benefits(ii) RM'000	Total RM'000
Non-Executive Directors:				
Dato' Azman bin Mahmood	60	-	3	63
Tan Sri Dato' Sri Koh Kin Lip	42	-	4	46
Chow Kee Kan @ Chow Tuck Kwan	48	-	5	53
Lim Yew Hoe	42	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	2	44
Executive Directors:				
Liew Fook Meng	36	687	144	867
Lau Kee Von	36	726	140	902
Lau Pak Lam	36	726	140	902
Lau Kim Chew (Appointed on 28.8.17)	12	144	37	193
Tai Chun Wah	36	367	153	556
Liew Yoon Kee (Resigned on 28.8.17)	24	463	95	582
Total	414	3,113	728	4,255

Company	Fee RM'000	Salaries and bonuses RM'000	Other benefits(ii) RM'000	Total RM'000
Non-Executive Directors:				
Dato' Azman bin Mahmood	60	-	3	63
Tan Sri Dato' Sri Koh Kin Lip	42	-	4	46
Chow Kee Kan @ Chow Tuck Kwan	48	-	5	53
Lim Yew Hoe	42	-	5	47
Soh Swee Hock @ Soh Say Hock	42	-	2	44
Executive Directors:				
Liew Fook Meng	36	-	5	41
Lau Kee Von	36	-	2	38
Lau Pak Lam	36	-	2	38
Lau Kim Chew (Appointed on 28.8.17)	12	-	1	13
Tai Chun Wah	36	-	5	41
Liew Yoon Kee (Resigned on 28.8.17)	24	-	2	26
Total	414	-	36	450

Notes:
(i) Statutory contributions comprised EPF.
(ii) Other benefits comprised meeting allowance, provision of company motor vehicle, petrol allowance, and insurance of Executive Directors and only meeting allowance of Non-Executive Directors.

The Board has chosen to disclose the remuneration of the top (4) senior management staff in bands instead of named basis as the Board considered the information of the remuneration of these staff to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staffs are deemed appropriately served by the above disclosures.

The number of top (4) senior management staff whose total remuneration falls within the following bands are:

Range of Remuneration	Number of Senior Management Staff
Below RM250,000	0
RM250,001 – RM300,000	1
RM750,001 – RM800,000	2
RM800,001 – RM850,000	0
RM850,001 – RM900,000	1

D. Nomination Committee ("NC")

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

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

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

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

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

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

During the financial year, the NC convened 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;
(v) Recommended the appointment of Tan Sri Dato' Sri Koh Kin Lip as Senior Independent Director;
(vi) Recommended the appointment of Mr. Lau Kim Chew as Executive Director; and
(vii) Discussed the gender diversity factor recommended in the MCCG.

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

The TOR of the NC are available for reference at www.cocoaland.com

Roles of the Chairman and Executive Directors

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and overall conduct of the Board. The Executive Directors are responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

Roles 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.

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

Following an assessment by the NC and the Board, Dato' Azman Bin Mahmood and Mr. Chow Kee Kan @ Chow Tuck Kwan who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years as at the end of the financial year under review, 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 since 2004 and therefore understand the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Board and Board Committee meetings.

Appointments and Re-elections to the Board

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

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) Dato' Azman bin Mahmood
(ii) Tan Sri Dato' Sri Koh Kin Lip
(iii) Mr. Tai Chun Wah
(iv) Mr. Lau Kim Chew

Gender Diversity Policy

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

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

Annual Assessment

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

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

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

Meetings and Time Commitment

The Board usually meets at least four (4) times a year at quarterly intervals with additional meetings convened when necessary. During the financial year, the Board met on four occasions; where it deliberated on matters such as the Group's financial results, strategic decisions, business plan, and strategic direction of the Group among others. Board meetings for each year are scheduled in advance before the end of the preceding year in order for Directors to plan their schedules. The Board is satisfied with the level of time commitment of the Directors from their attendance at the Meetings. The record of the Directors' attendance at Board Meeting for the financial year ended 31 December 2017 is contained in the table below:-

Board Members	Attendance
Dato' Azman bin Mahmood	4/4
Tan Sri Dato' Sri Koh Kin Lip	3/4
Liew Fook Meng	4/4
Lau Kee Von	4/4
Lau Pak Lam	4/4
Liew Yoon Kee (Resigned on 28.8.2017)	3/3
Chow Kee Kan @ Chow Tuck Kwan	4/4
Lim Yew Hoe	3/4
Soh Swee Hock @ Soh Say Hock	3/4
Tai Chun Wah	4/4
Mr. Lau Kim Chew (Appointed on 28.8.2017)	1/1

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 2017. 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 2017	21 August 2017
Tan Sri Dato' Sri Koh Kin Lip	• Premier Wealth Market Talk • Technical Update on Companies Act in Accounting Standard by Deloitte	28 April 2017 29 November 2017

Liew Fook Meng	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	21 August 2017
Lau Kee Von	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	21 August 2017
Lau Pak Lam	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	21 August 2017
Liew Yoon Kee	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	21 August 2017
Tai Chun Wah	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017 • Business Sustainability Reporting – Key Business Today • MIDS Workshop – Investor Relations • ISO 9001:2015 Awareness & Internal Auditor	21 August 2017 13 March 2017 2 August 2017 17 April 2017 12 & 19 May 2017
Chow Kee Kan @ Chow Tuck Kwan	• Practical Auditing Methodology for SMPs • Seminar Percukaian Kebangsaan 2017	10-11 August 2017 2 November 2017
Lim Yew Hoe	• Halal Awareness Training • ASEAN@50 Conference • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017 • Sustainability Training	17 May 2017 4 August 2017 21 August 2017 11 September 2017
Soh Swee Hock @ Soh Say Hock	• Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	21 August 2017
Lau Cheng Yew	• Mandatory Accreditation Programme • Joint Cocoaland Holdings Berhad And Fraser & Neave Holdings Berhad Directors' Continuing Education Programme 2017	27-28 July 2017 21 August 2017
Lau Kim Chew	• Mandatory Accreditation Programme	25 -26 September 2017

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

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

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

Sound Risk Management Framework

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

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

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

Internal Audit Function

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

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

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control as presented on pages 37 to 39 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

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

A Statement by the Board of its responsibilities in respect of the preparation of the annual audited financial statements is set out on page 35 of this Annual Report.

Investors Relations and Shareholders Communication

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

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

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

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

Statement Of Directors' Responsibility
In Relation To The Financial Statements

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

In preparing the financial statements, the Directors have:

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

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

This statement is made in accordance with a resolution of the Board dated 16th April 2018.

Additional **Compliance Information**

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year ended 31 December 2017.

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 2017 were RM17,000 and RM125,273 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 2017 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 87 to 88 of the financial statements of the 2017 Annual Report.

Please refer to Section 2.2 of the Circular to Shareholders dated 30 April 2018 on the name of the related parties and the Company's relationship with the related parties.

Statement On Risk Management And Internal Control

Introduction

This Statement on Risk Management and Internal Control (hereinafter referred to as "this Statement") is made pursuant to paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"); and Principle B(II) of the 2017 Malaysian Code on Corporate Governance, guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

This statement is intended to provide our stakeholders and readers of this Annual Report with meaningful information about the adequacy and effectiveness of the risk management and internal control system of the Company and its subsidiaries as a Group (hereinafter referred to as "the Group") throughout the financial year ended 31 December 2017.

Board of Directors' Responsibility

The Board acknowledges its responsibility for establishing and maintaining the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets. Thus, the Board is committed to ensuring the existence of an appropriate risk management framework and the design and implementation of adequate, efficient and effective system of internal controls over operations, financial reporting, risk and compliance of the Group.

While the Board has overall responsibility for the Group's risk management and internal control system, it relied on the Management to design, implement and provide regular reports that reflect the Board's expectations and policies on risk management and internal control.

The Board, through the Audit and Risk Management Committee, periodically reviews the adequacy and integrity of the risk management and internal control system including Management's mitigating strategies / action to address key identified risks. This process has been in place throughout the financial year up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

However, it should be appreciated that such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and the system, by its nature, can only provide reasonable, but not absolute assurance against material misstatement, fraud or loss.

Risk Management

The Board, through the Audit and Risk Management Committee with the assistance of the Risk Steering Committee ("RSC"), reviewed the Group's documented risk management policy and framework while continually update, identify, assess and manage the various risk factors that could have a potentially significant impact on the Group's current, mid- to long-term business objectives.

The Group's risk management policy and framework was established with reference to ISO 31000 Risk Management Principles and Guidelines. Furthermore, through the establishment of a quality management system under ISO 9001: 2015, the Group reinforced its implementation of a systematic approach to considering risk.

The RSC, chaired by an Executive Director of the Group, comprised of the Accountant and Quality Compliance Manager as the joint secretaries; other Executive and Non-Executive Directors, Managers and Heads of Departments whom participated as members of the committee.

The RSC conducted two (2) risk management meetings annually to systematically identify, assess and evaluate the significant risks of the Group against a defined risk appetite, and thereafter, formulate and/or update the mitigating strategies / action plans to address these key business risks.

Arising from this, a risk-based audit plan was developed and approved by the Audit and Risk Management Committee.

Key Elements of Internal Control

In order to achieve a sound control environment, the key elements in the framework of the Group's internal control systems are outlined below:-

1. **Conduct and Ethics**
   - The Group had formalised and adopted an Anti-Bribery and Corruption Policy and Code of Ethical Business Conduct to reinforce the Group's stand on good professional and ethical business conduct.

2. **Organisation structure, roles and responsibilities**
   - A defined organisation structure and reporting responsibilities of all job roles were established and formalised.
   - Job responsibilities and duties were clearly stipulated in job descriptions of employees in respective departments.
   - The Board and Management clearly defined responsibilities and delegation of authorities across all levels within the Group. This enabled timely response to changes affecting the Group's operations.

3. **Confidentiality and non-disclosure**
   - The Group's Policy on safeguarding confidential and sensitive information was established and available to all employees for reference.
   - Confidential documents and information were securely located and safeguarded.

4. **Policies and procedures**
   - Internal quality control policies and procedures were clearly outlined.
   - The Group's key policies, rules, and regulations were communicated to all employees and available for reference in employee handbook.

5. **Control processes**
   - Segregation of duties was practised to maintain a healthy check-and-balance mechanism within the Group.
   - The Executive Directors were hands-on in managing and overseeing critical business processes of the Group.

6. **Reporting and address control matters**
   - Management and the Board were provided with timely and relevant management and operational reports.
   - Non-conformance and discrepancies in activities were duly informed to Management for prompt action.
   - Appropriate control mechanisms were applied to critical processes for risk mitigation.

Assurance from Management

The Board had received letters of assurance dated 27th February 2018 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

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the financial year ended 31 December 2017.

In view of the assurance obtained from the Management and external auditors, the Board is of the view that there is a continuous process in evaluating and managing significant risks faced by the Group. Although several internal control improvements and risk areas were identified by the internal auditors during the financial year, these did not result in material losses to the Group.

Conclusion

This Statement on Risk Management and Internal Control was made in accordance with the resolution of the Board dated 16 April 2018.

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 2017.

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
Mr. Lim Yew Hoe – Member, Non-Independent Non-Executive Director

During the financial year 2017, 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 2017. At the invitation of the ARMC, the Executive Directors and Internal Auditors attended the meetings. The Group's External Auditors attended two of the meetings where they were invited to discuss matters related to the statutory audit for the financial year 2017. The ARMC also had private discussions with the External Auditors without the presence of the Executive Directors. The attendance of each member at the ARMC meetings is as follows:-

Members	Attendance
Chow Kee Kan @ Chow Tuck Kwan	4/4
Tan Sri Dato' Sri Koh Kin Lip	4/4
Mr. 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 external auditors' scope of work and audit planning memorandum;
7. 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;
8. Considered the re-appointment of the external auditors and make recommendation to the Board for approval;
9. Reviewed the ARMC Report and Statement on Risk Management and Internal Control, prior to making recommendation to the Board for its approval; and
10. 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 ARMC on a quarterly basis by presenting the internal audit plans and reports.

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

1. Periodically reviewed and revised the 36-month risk-based internal audit plan for the approval of the ARMC;

2. Incorporated suggestions made by the ARMC and Management on concerns over operations or controls and significant issues pertinent to the Group into the audit planning;

3. Reviewed and appraised the adequacy and effectiveness of the Group's internal control systems covering the following areas:-

   - Inventory Management
     - o Raw Materials;
     - o Packaging Materials; and
     - o Finished Goods
   - Warehouse Facilities Management
   - Advertising and Promotions
   - Accounts Receivable
   - Collections Management
   - Related Party Transactions

4. Issuance of internal audit reports and the presentation of audit findings and recommendations for improvement and corrective action taken by Management;

5. Conducted follow-up reviews to ensure Management had taken corrective actions on the audit findings;

6. Prepared and presented periodic summary of internal audit findings and status reports; and

7. Reviewed the ARMC Report and the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

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 2017, the cost incurred for outsourcing of internal audit function was RM62,995.

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 2017, the Board is satisfied that the ARMC have carried out their duties in accordance with their Terms of Reference.

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Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year attributable to owners of the Company	33,526,423	54,072,901

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIVIDENDS

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

	RM
A first interim single-tier dividend of 20% per ordinary share in respect of the financial year ended 31 December 2016 on 6 April 2017	22,880,000

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

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 31 December 2017.

DIRECTORS

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

Dato' Azman Bin Mahmood
Tan Sri Dato' Sri Koh Kin Lip
Liew Fook Meng *
Lau Kee Von *
Lau Pak Lam *
Tai Chun Wah *
Chow Kee Kan @ Chow Tuck Kwan
Lim Yew Hoe
Soh Swee Hock @ Soh Say Hock
Lau Cheng Yew (Alternate Director to Lim Yew Hoe) (appointed on 1.4.2017)
Lau Kim Chew (appointed on 28.8.2017) *
Liew Yoon Kee (resigned on 28.8.2017) *
Soon Wing Chong (Alternate Director to Lim Yew Hoe) (resigned on 31.3.2017)

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

Lau Pa Sin
Lau Kwai Choon
Low Yoon Sun
Lew Foo Chay @ Lau Foo Chay
Lau Yoke Kiew
Liew Yoon Kee

** Director of the Company and its subsidiary companies*

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2017	Acquired	Disposed	At 31.12.2017
Interests in the Company				
Direct interests				
Dato' Azman Bin Mahmood	524,444	-	-	524,444
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	-	-	3,318,332
Lau Kee Von	1,373,066	-	595,700	777,366
Tai Chun Wah	23,466	-	-	23,466
Indirect interests :				
Tan Sri Dato' Sri Koh Kin Lip [(a)]	3,333,333	-	-	3,333,333
Liew Fook Meng [(b)]	87,046,628	-	-	87,046,628
Lau Kee Von [(b)]	87,046,628	-	-	87,046,628
Lau Pak Lam [(b)]	87,046,628	-	-	87,046,628

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

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

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 21 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 23(c) to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

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

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:
   (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:
   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:
   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
   (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 5 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are set out in Note 19 to the financial statements.

SIGNIFICANT EVENT

The details of significant event are set out in Note 29 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2018.

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LIEW FOOK MENG **TAI CHUN WAH**

Kuala Lumpur

Statement By Directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 97 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 16 April 2018.

……………………….. ………………………..

LIEW FOOK MENG **TAI CHUN WAH**

Kuala Lumpur

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act, 2016

I, TAI CHUN WAH, (MIA Membership No:11945), being the Director primarily responsible for the financial management of Cocoaland Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 52 to 97 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)

the abovenamed at Kuala Lumpur in the)

Federal Territory on 16 April 2018.)

....

TAI CHUN WAH

Before me,

No. W710
MOHAN A.S.MANIAM

....

Commissioner for Oaths

Independent Auditors' Report
to the members of Cocoaland Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cocoaland Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 97.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Inventory valuation and provision The carrying amount of packing materials inventory of the Group as at 31 December 2017 is RM9,717,832. As described in the Accounting Policies in Note 3(h) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of packing materials inventory is an area of significant judgement as there is a risk in estimating the net realisable value of the inventory, as well as assessing which items may be slow-moving or obsolete.	**Our audit procedures included, amongst others:** • Checking the effectiveness of controls associated with the existence and condition of inventory by attending inventory counts at year end in all locations; • Identifying and assessing a sample of aged and obsolete inventory; • Analysing the level of slow-moving inventory and the associated provision; • Testing the expected volume and price of future sales of inventory by reviewing the price of a sample of inventory sold after the balance sheet date;

Key audit matter	How our audit addressed the key audit matter
Due to the significance of packing materials inventory and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter. Refer to significant accounting estimates and judgment in Note 2(d) and the disclosures of inventories in Note 7 to the financial statements.	• Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we did not note any significant exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019(J)
Chartered Accountant

KUALA LUMPUR
16 April 2018

Statements Of Financial Position
as at 31 December 2017

	NOTE	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**114,607,453**	119,580,184	**-**	-
Investments in subsidiary companies	5	**-**	-	**41,473,332**	41,623,025
Other investments	6	**-**	1,000	**-**	-
		114,607,453	119,581,184	**41,473,332**	41,623,025
Current Assets					
Inventories	7	**37,182,462**	44,557,351	**-**	-
Trade receivables	8	**50,860,663**	55,580,355	**-**	-
Other receivables	9	**3,126,577**	3,798,719	**1,000**	6,000
Amounts due from subsidiary companies	10	**-**	-	**132,151,707**	125,213,665
Tax recoverable		**501,949**	201,986	**40,150**	115,150
Deposits, cash and bank balances	11	**87,616,731**	65,444,186	**2**	2
		179,288,382	169,582,597	**132,192,859**	125,334,817
Total Assets		**293,895,835**	289,163,781	**173,666,191**	166,957,842
EQUITY					
Share capital	12	**130,154,539**	114,400,000	**130,154,539**	114,400,000
Reserves	13	**119,937,807**	125,103,310	**42,998,014**	27,559,652
Total equity attribute to owners of the Company		**250,092,346**	239,503,310	**173,152,553**	141,959,652
LIABILITIES					
Non-Current Liability					
Deferred taxation	14	**8,314,000**	8,540,000	**-**	-
		8,314,000	8,540,000	**-**	-
Current Liabilities					
Trade payables	15	**22,445,722**	28,946,172	**-**	-
Other payables	16	**11,165,692**	9,111,496	**513,638**	410,700
Amounts due to subsidiary companies	10	**-**	-	**-**	24,587,490
Tax payable		**1,878,075**	3,062,803	**-**	-
		35,489,489	41,120,471	**513,638**	24,998,190
Total Liabilities		**43,803,489**	49,660,471	**513,638**	24,998,190
Total Equity and Liabilities		**293,895,835**	289,163,781	**173,666,191**	166,957,842

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

Statements Of Profit Or Loss And Other Comprehensive Income

for the financial year ended 31 December 2017

	NOTE	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	17	**267,153,468**	272,637,646	**55,000,000**	10,000,000
Cost of sales		**(190,036,718)**	(193,999,512)	**-**	-
Gross profit		**77,116,750**	78,638,134	**55,000,000**	10,000,000
Other income	18	**6,558,965**	11,088,951	**-**	-
Distribution costs		**(15,889,890)**	(14,784,662)	**-**	-
Administrative expenses		**(22,054,940)**	(19,635,191)	**(927,099)**	(717,191)
Profit before taxation	19	**45,730,885**	55,307,232	**54,072,901**	9,282,809
Taxation	20	**(12,204,462)**	(11,507,154)	**-**	-
Profit for the financial year		**33,526,423**	43,800,078	**54,072,901**	9,282,809
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		**(57,387)**	(113,243)	**-**	-
Other comprehensive income for the financial year		**(57,387)**	(113,243)	**-**	-
Total comprehensive income for the financial year		**33,469,036**	43,686,835	**54,072,901**	9,282,809
Profit for the financial year attributable to:					
Owners of the Company		**33,526,423**	43,800,078	**54,072,901**	9,282,809
Total comprehensive income attributable to:					
Owners of the Company		**33,469,036**	43,686,835	**54,072,901**	9,282,809
Earnings per share					
Basic and diluted earnings per ordinary share (sen)	22	**14.65**	19.14		

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

Statements Of Changes In Equity
for the financial year ended 31 December 2017

	NOTE	Share Capital RM	Share Premium RM	Exchange Translation Reserve RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company				
		Non-Distributable			Distributable	
Group						
At 1 January 2016		114,400,000	15,754,539	361,834	72,164,281	202,680,654
Profit for the financial year		-	-	-	43,800,078	43,800,078
Exchange translation differences for foreign operations		-	-	(113,243)	-	(113,243)
Total comprehensive income for the financial year		-	-	(113,243)	43,800,078	43,686,835
Transactions with owners:						
Dividends to owners of the Company:						
- Single tier dividend 6% paid on 5 April 2016	25	-	-	-	(6,864,179)	(6,864,179)
Total transactions with owners of the Company		-	-	-	(6,864,179)	(6,864,179)
At 31 December 2016		114,400,000	15,754,539	248,591	109,100,180	239,503,310
At 1 January 2017		114,400,000	15,754,539	248,591	109,100,180	239,503,310
Profit for the financial year		-	-	-	33,526,423	33,526,423
Exchange translation differences for foreign operations		-	-	(57,387)	-	(57,387)
Total comprehensive income for the financial year		-	-	(57,387)	33,526,423	33,469,036
Transactions with owners:						
Dividends to owners of the Company:						
- Single tier dividend 20% paid on 6 April 2017	25	-	-	-	(22,880,000)	(22,880,000)
Total transaction with owners of the Company		-	-	-	(22,880,000)	(22,880,000)
Transaction to no-par value regime, on 31 January 2017	12,13	15,754,539	(15,754,539)	-	-	-
At 31 December 2017		130,154,539	-	191,204	119,746,603	250,092,346

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

	NOTE	← Non-Distributable →		← Distributable →	
		Share Capital RM	Share Premium RM	Retained Earnings RM	Total RM
Company					
At 1 January 2016		114,400,000	15,754,539	9,386,483	139,541,022
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	9,282,809	9,282,809
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend 6% paid on 5 April 2016	25	-	-	(6,864,179)	(6,864,179)
Total transactions with owners of the Company		-	-	(6,864,179)	(6,864,179)
At 31 December 2016		114,400,000	15,754,539	11,805,113	141,959,652
At 1 January 2017		114,400,000	15,754,539	11,805,113	141,959,652
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	54,072,901	54,072,901
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend 20% paid on 6 April 2017	25	-	-	(22,880,000)	(22,880,000)
Total transactions with owners of the Company		-	-	(22,880,000)	(22,880,000)
Transaction to no-par value regime, on 31 January 2017	12,13	15,754,539	(15,754,539)	-	-
At 31 December 2017		130,154,539	-	42,998,014	173,152,553

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

Statements Of Cash Flows
for the financial year ended 31 December 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**45,730,885**	55,307,232	**54,072,901**	9,282,809
Adjustments for:				
Inventories written off	**175,522**	-	**-**	-
Inventories written down	**594,512**	109,878	**-**	-
Gain on disposal of other investment	**(500)**	-	**-**	-
Bad debts written off	**112,034**	2,388	**-**	-
Depreciation of property, plant and equipment	**11,244,526**	14,128,078	**-**	-
Dividend income	**(630)**	(900)	**(55,000,000)**	(10,000,000)
Gain on disposal of property, plant and equipment	**(190,068)**	(145,690)	**-**	-
Reversal of inventories written down	**-**	(430,276)	**-**	-
Waiver of debts - trade payables	**(32,998)**	-	**-**	-
Waiver of debts - non-trade payables	**(2,553)**	-	**-**	-
Impairment loss on investment in a subsidiary company	**-**	-	**149,693**	-
Impairment loss on amount due from a subsidiary company	**-**	-	**5,822**	-
Reversal of impairment loss on trade receivables	**(308,872)**	(2,802,713)	**-**	-
Interest income	**(2,404,051)**	(1,247,475)	**-**	-
Property, plant and equipment written off	**9,719**	47,691	**-**	-
Unrealised loss/(gain) on foreign exchange	**107,673**	(1,204,584)	**-**	-
Operating profit/(loss) before working capital changes	**55,035,199**	63,763,629	**(771,584)**	(717,191)
Changes in working capital				
Inventories	**6,604,855**	(8,411,583)	**-**	-
Subsidiary companies	**-**	-	**(31,531,354)**	(2,394,062)
Receivables	**5,480,999**	(10,761,954)	**5,000**	58,290
Payables	**(4,446,254)**	3,371,809	**102,938**	(90,858)
	7,639,600	(15,801,728)	**(31,423,416)**	(2,426,630)
Cash generated from /(used in) operations	**62,674,799**	47,961,901	**(32,195,000)**	(3,143,821)

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)				
Dividend received	**630**	900	**55,000,000**	10,000,000
Dividend paid	**(22,880,000)**	(6,864,179)	**(22,880,000)**	(6,864,179)
Interest received	**2,404,051**	1,247,475	**-**	-
Tax (paid)/refund	**(13,930,039)**	(13,284,031)	**75,000**	8,000
	(34,405,358)	(18,899,835)	**32,195,000**	3,143,821
Net cash generated from operating activities	**28,269,441**	29,062,066	**-**	-
Cash Flows From Investing Activities				
Proceed from disposal of property, plant and equipment	**212,011**	155,163	**-**	-
Purchase of property, plant and equipment	**(6,307,372)**	(4,125,626)	**-**	-
Proceeds from disposal of investment	**1,500**	-	**-**	-
Increase in fixed deposits with maturity more than three months	**(8,063,060)**	-	**-**	-
Net cash used in investing activities	**(14,156,921)**	(3,970,463)	**-**	-
Net increase in cash and cash equivalents	**14,112,520**	25,091,603	**-**	-
Effect of exchange translation differences on cash and cash equivalents	**(3,035)**	(68,886)	**-**	-
Cash and cash equivalents at beginning of the financial year	**65,444,186**	40,421,469	**2**	2
Cash and cash equivalents at end of the financial year	**79,553,671**	65,444,186	**2**	2
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	**14,782,735**	13,601,919	**2**	2
Fixed deposits with licensed banks	**72,333,996**	49,051,416	**-**	-
Short term deposits with licensed banks	**500,000**	2,790,851	**-**	-
	87,616,731	65,444,186	**2**	2
Less: Fixed deposits with maturity more than three months	**(8,063,060)**	-	**-**	-
	79,553,671	65,444,186	**2**	2

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

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

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

The registered office of the Company is at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.

The Company's principal activity is that of investment holding. The principal activities of the subsidiary companies are stated in Note 5 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

Adoption of new and amended standards

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 –2016 Cycle	Amendments to MFRS 12

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
	• Amendments to MFRS 1	1 January 2018
	• Amendments to MFRS 128	1 January 2018
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates or Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 – 2017 Cycle:		
	• Amendments to MFRS 3	1 January 2019
	• Amendments to MFRS 11	1 January 2019
	• Amendments to MFRS 112	1 January 2019
	• Amendments to MFRS 123	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:
** Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impact on the financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9, Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 Financial Instruments: Recognition and Measurement.

(a) Classification of financial assets

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics.

MFRS 9 contains three (3) principal classification categories for financial assets:
• Amortised Cost ("AC");
• Fair Value through Other Comprehensive Income ("FVOCI"); and
• Fair Value through Profit or Loss ("FVTPL").

The standard eliminates the existing MFRS 139 categories of Held-to-Maturity ("HTM"), Loans and Receivables ("L&R") and Available-for-Sale ("AFS").

Based on its assessment, the financial assets held by the Group and the Company as at 31 December 2017 will be reclassified to the following classifications:

	2017 RM	Existing classification under MFRS 139	New classification under MFRS 9
Group			
Financial assets			
Trade receivables	50,860,663	L&R	AC
Other receivables	3,126,577	L&R	AC
Deposits, cash and bank balances	87,616,731	L&R	AC
Company			
Financial assets			
Other receivables	1,000	L&R	AC
Amounts due from subsidiary companies	132,151,707	L&R	AC
Deposits, cash and bank balances	2	L&R	AC

(b) Impairment of financial assets

MFRS 9 replaces the "incurred loss" model in MFRS 139 with a forward-looking "expected credit loss" ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at AC or FVOCI, except for investment securities.

Under MFRS 9, loss allowances will be measured on either of the following bases:

• 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

• Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not increased significantly. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, the Group and the Company have adopted lifetime ECL measurements for loans and receivables due to the expected lifetime period of loans and receivables are generally less than 12 months.

(c) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes is that, in case where the fair value option is taken for financial liabilities, the part of fair value change due to entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this create an accounting mismatch.

Based on the assessments undertaken to date, the Group and the Company do not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group and the Company expects an increase in the Group's and the Company's allowance for impairment by less than 5% of loans and receivables.

(ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has assessed the impact of initial application of MFRS 15 on its trading business and does not expect significant impact on the Group's financial statements, except for additional disclosure.

(iii) MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

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

The Group and the Company are assessing the impact of the above new standard on the financial statements of the Group and of the Company in the year of initial adoption.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3 to the financial statements.

(c) Functional and presentation currency

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

(d) Significant accounting judgements, estimates and assumptions

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

Judgement

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment
The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in the Note 4 to the financial statements.

Impairment of investments in subsidiary companies
The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 5 to the financial statements.

Impairment of loans and receivables
The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 8, 9 and 10 to the financial statements respectively.

Inventories valuation
Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7 to the financial statements.

Deferred tax assets
Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 14 to the financial statements.

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2017, the Group and the Company have tax recoverable of RM501,949 (2016: RM201,986) and RM40,150 (2016: RM115,150) and tax payable of RM1,878,075 (2016: RM3,062,803) and RM Nil (2016: RM Nil) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

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

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

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

(c) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	Over the remaining useful lives of between 26 to 45 years
Leasehold land and buildings	Over the remaining lease period
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Warehouse equipment	10%
Electrical fittings	10%
Renovation	10%
Science lab equipment	10%
Factory equipment	10%
Computer software	10%

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

(d) Leases

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

<u>As lessee</u>

(i) Finance Lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating Lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

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

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

As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current assets.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those

maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risk of fair value hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(f) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

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

The Group and the Company classify their financial liabilities at initial recognition into the following categories:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognised in profit or loss.

(ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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

(g) Offsetting of financial instruments

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

(h) Inventories

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

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

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

(i) Cash and cash equivalents

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

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

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

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Unquoted equity securities carried at cost
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on unquoted equity instruments carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the Group's share of net assets or the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(k) Share capital

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

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

(l) Provisions

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

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

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

(m) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of goods

Revenue is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue is recognised net of sales or goods and service tax and service tax and discount, where applicable.

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

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

(o) Borrowing costs

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

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

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

(p) Income tax

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Operating segments

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

(r) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(s) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expenses item as applicable; and

(ii) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as other payables or other receivables in the statements of financial position.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold buildings RM	Short term leasehold land and building RM	Long term leasehold land and building RM	Plant and machinery in progress RM	Motor vehicle RM	Plant and machinery RM	Office equipment RM
2016								
Cost								
At 1 January	25,729,948	49,194,094	2,729,680	6,940,057	477,350	5,694,876	91,872,232	1,852,531
Additions	-	-	-	-	329,950	376,973	1,063,304	353,095
Disposals	-	-	-	-	-	(2,417,649)	-	-
Written off	-	-	-	-	-	-	-	(145,766)
Reclassification	-	-	-	-	(501,599)	-	501,599	-
Exchange difference	-	-	-	-	-	(11,010)	-	(3,521)
At 31 December	25,729,948	49,194,094	2,729,680	6,940,057	305,701	3,643,190	93,437,135	2,056,339
Accumulated depreciation								
At 1 January	-	6,357,744	818,904	1,102,729	-	5,134,680	60,611,352	1,133,899
Charge for the financial year	-	1,013,272	34,247	143,933	-	300,422	7,740,535	162,829
Disposals	-	-	-	-	-	(2,417,626)	-	-
Written off	-	-	-	-	-	-	-	(137,310)
Exchange difference	-	-	-	-	-	(10,482)	-	(2,453)
At 31 December	-	7,371,016	853,151	1,246,662	-	3,006,994	68,351,887	1,156,965
Carrying amount								
At 31 December	25,729,948	41,823,078	1,876,529	5,693,395	305,701	636,196	25,085,248	899,374

Group	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
2016								
Cost								
At 1 January	578,580	1,010,135	1,133,165	8,093,241	1,291,737	37,375,478	30,995	234,004,099
Additions	23,484	65,547	135,376	519,813	43,400	1,214,684	-	4,125,626
Disposals	-	-	-	-	-	(13,500)	-	(2,431,149)
Written off	(12,350)	(74,477)	(76,566)	(315,885)	-	(46,000)	-	(671,044)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	(92)	(14,623)
At 31 December	589,714	1,001,205	1,191,975	8,297,169	1,335,137	38,530,662	30,903	235,012,909
Accumulated depreciation								
At 1 January	369,350	786,672	906,192	6,467,063	643,469	20,012,193	18,364	104,362,611
Charge for the financial year	45,083	90,434	68,473	640,337	132,223	3,753,189	3,101	14,128,078
Disposals	-	-	-	-	-	(4,050)	-	(2,421,676)
Written off	(12,094)	(66,576)	(76,102)	(289,871)	-	(41,400)	-	(623,353)
Exchange difference	-	-	-	-	-	-	-	(12,935)
At 31 December	402,339	810,530	898,563	6,817,529	775,692	23,719,932	21,465	115,432,725
Carrying amount								
At 31 December	187,375	190,675	293,412	1,479,640	559,445	14,810,730	9,438	119,580,184

Group	Freehold land RM	Freehold buildings RM	Short term leasehold land and building RM	Long term leasehold land and building RM	Plant and machinery in progress RM	Motor vehicle RM	Plant and machinery RM	Office equipment RM
2017								
Cost								
At 1 January	25,729,948	49,194,094	2,729,680	6,940,057	305,701	3,643,190	93,437,135	2,056,339
Additions	-	-	-	-	1,290,066	1,275,737	1,284,096	253,749
Disposals	-	-	-	-	-	(466,967)	(10,000)	(6,250)
Written off	-	-	-	-	-	-	(2,620)	(4,829)
Reclassification	-	-	-	-	(407,700)	-	407,700	-
Exchange difference	-	-	-	-	-	(19,092)	(78)	(6,118)
At 31 December	25,729,948	49,194,094	2,729,680	6,940,057	1,188,067	4,432,868	95,116,233	2,292,891
Accumulated depreciation								
At 1 January	-	7,371,016	853,151	1,246,662	-	3,006,994	68,351,887	1,156,965
Charge for the financial year	-	1,013,274	68,242	109,939	-	523,493	5,496,829	176,390
Disposals	-	-	-	-	-	(459,765)	(4,750)	(6,249)
Written off	-	-	-	-	-	-	(2,620)	(3,244)
Exchange difference	-	-	-	-	-	(17,322)	(3)	(4,523)
At 31 December	-	8,384,290	921,393	1,356,601	-	3,053,400	73,841,343	1,319,339
Carrying amount								
At 31 December	25,729,948	40,809,804	1,808,287	5,583,456	1,188,067	1,379,468	21,274,890	973,552

Group	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
2017								
Cost								
At 1 January	589,714	1,001,205	1,191,975	8,297,169	1,335,137	38,530,662	30,903	235,012,909
Additions	30,470	-	12,499	318,151	48,996	1,793,608	-	6,307,372
Disposals	-	(94,900)	-	-	-	-	-	(578,117)
Written off	(890)	-	-	-	-	(24,070)	-	(32,409)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	(395)	(371)	(26,054)
At 31 December	619,294	906,305	1,204,474	8,615,320	1,384,133	40,299,805	30,532	240,683,701
Accumulated depreciation								
At 1 January	402,339	810,530	898,563	6,817,529	775,692	23,719,932	21,465	115,432,725
Charge for the financial year	39,820	71,282	39,912	291,911	118,811	3,291,394	3,229	11,244,526
Disposals	-	(85,410)	-	-	-	-	-	(556,174)
Written off	(790)	-	-	-	-	(16,036)	-	(22,690)
Exchange difference	-	-	-	-	-	-	(291)	(22,139)
At 31 December	441,369	796,402	938,475	7,109,440	894,503	26,995,290	24,403	126,076,248
Carrying amount								
At 31 December	177,925	109,903	265,999	1,505,880	489,630	13,304,515	6,129	114,607,453

The title to certain freehold land and buildings and a leasehold land of certain subsidiary companies have not been issued by the relevant authorities and have been alienated to the subsidiary company by way of sales and purchase agreements.

5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2017 RM	2016 RM
Unquoted equity shares, at cost	**41,623,027**	41,623,027
Less: Accumulated impairment loss		
At 1 January	**(2)**	(2)
Impairment loss recognised	**(149,693)**	-
At 31 December	**(149,695)**	(2)
	41,473,332	41,623,025

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal Activities
DIRECT HOLDING:				
Cocoaland Industry Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
L.B. Food Sdn. Bhd.	Malaysia	**100**	100	Wholesaling and retailing processed and preserved foods
B Plus Q Sdn. Bhd.	Malaysia	**100**	100	Manufacturing fruit juice and foodstuffs
Cocoaland Retail Sdn. Bhd.	Malaysia	**100**	100	Dormant
CCL Food & Beverage Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
Lot 100 Food Co. Ltd. *	China	**100**	100	Wholesaling, importing and exporting gummy products and other products
PT Cocoaland Indonesia *	Indonesia	**90**	90	Dormant
HELD THROUGH B PLUS Q SDN. BHD.				
M.I.T.E. Food Enterprise Sdn. Bhd.	Malaysia	**100**	100	Dormant and winding up in the financial year 2018
HELD THROUGH L.B. FOOD SDN. BHD				
PT Cocoaland Indonesia *	Indonesia	**10**	10	Dormant

* Subsidiary companies not audited by UHY

During the current financial year, PT Cocoaland Indonesia., continued to record operating loss, which is an impairment indicator. An impairment assessment was performed by management. The recoverable amount of the investment estimated based on value-in-use method was Nil. An additional impairment loss amounting to RM149,693 was recognised in "administrative expenses" in statements of profit or loss and other comprehensive income and as a result, the investment is fully impaired as at 30 September 2017. In determining value-in-use for PT Cocoaland Indonesia., the cash flows were discounted at a rate of 10% on a pre-tax basis.

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

6. OTHER INVESTMENTS

	Group	
	2017 RM	2016 RM
Available-for-sale financial asset		
Unquoted shares at cost in Malaysia	-	1,000

7. INVENTORIES

	Group	
	2017 RM	2016 RM
Work-in-progress	**1,590,839**	1,741,802
Packing materials	**9,717,832**	10,447,875
Raw materials	**14,091,891**	17,586,940
Finished goods	**11,781,900**	14,780,734
	37,182,462	44,557,351

	Group	
	2017 RM	2016 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	**189,266,684**	194,319,910
Inventories written off	**175,522**	-
Inventories written down	**594,512**	109,878
Reversal of inventories written down	**-**	(430,276)

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

8. TRADE RECEIVABLES

	Group	
	2017 RM	2016 RM
Trade receivables	**52,104,091**	57,132,655
Less: Accumulated impairment losses	**(1,243,428)**	(1,552,300)
At 31 December	**50,860,663**	55,580,355

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2016: 30 to 60 days) term.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2017 RM	2016 RM
At 1 January	**1,552,300**	4,368,466
Impairment losses reversed	**(308,872)**	(2,802,713)
Written off	**-**	(13,453)
At 31 December	**1,243,428**	1,552,300

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	**39,193,097**	45,327,080
Past due but not impaired:		
Less than 3 months	**11,304,097**	8,463,813
3 to 6 months	**303,719**	1,051,961
More than 6 months	**59,750**	737,501
	11,667,566	10,253,275
	50,860,663	55,580,355
Impaired	**1,243,428**	1,552,300
	52,104,091	57,132,655

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2017, trade receivables of RM11,667,566 (2016: RM10,253,275) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

Included in trade receivables of the Group is RM3,908,410 (2016: RM4,087,841) due from entities with significant influence over the Group. The amount is unsecured.

9. OTHER RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	**640,626**	1,612,670	**-**	-
Deposits	**678,450**	676,656	**1,000**	1,000
GST receivables	**1,272,143**	892,919	**-**	-
Prepayments	**535,358**	616,474	**-**	5,000
	3,126,577	3,798,719	**1,000**	6,000

10. AMOUNTS DUE FROM/(TO) SUBSIDIARY COMPANIES

	Group	
	2017 RM	2016 RM
Amounts due from subsidiary companies	**132,157,529**	125,213,665
Less: Accumulated impairment losses	**(5,822)**	-
	132,151,707	125,213,665
Amounts due to subsidiary companies	**-**	(24,587,490)

The amounts due from/(to) subsidiary companies are unsecured, interest free advances and repayable on demands.

11. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	**14,782,735**	13,601,919	**2**	2
Fixed deposits with licensed banks				
- maturity less than 3 months	**64,270,936**	49,051,416	**-**	-
- maturity more than 3 months	**8,063,060**	-	**-**	-
Short term deposits with licensed banks	**500,000**	2,790,851	**-**	-
	87,616,731	65,444,186	**2**	2

	Group	
	2017 RM	2016 RM
Interest rates per annum	**2.95% - 3.82%**	3.15% to 3.70%
Maturity periods	**1 to 12 months**	3 to 12 months

Short term deposits of the Group are placed at interest rate of 2.15% (2016: 2.70% to 2.80%) per annum and maturity periods of between 1 day to 5 days (2016: 1 to 4 days).

12. SHARE CAPITAL

	Group and Company			
	Number Of Shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
Authorised				
Ordinary share with no par value (2016: par value of RM0.50 each):				
At 1 January/ 31 December	**-**	400,000,000	**-**	200,000,000
Issued and fully paid				
Ordinary share with no par value (2016: par value of RM0.50 each):				
At 1 January	**228,800,000**	228,800,000	**114,400,000**	114,400,000
Transation to no-par value regime on 31 January 2017	**-**	-	**15,754,539**	-
At 31 December	**228,800,000**	228,800,000	**130,154,539**	114,400,000

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issues to the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable reserves				
Share premium	-	15,754,539	-	15,754,539
Exchange translation reserve	**191,204**	248,591	-	-
	191,204	16,003,130	-	15,754,539
Retained earnings	**119,746,603**	109,100,180	**42,998,014**	11,805,113
	119,937,807	125,103,310	**42,998,014**	27,559,652

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

(a) Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value. Pursuant to Section 618(2) of the Act, the sum of RM15,754,539 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 12 to the financial statements.

(b) Exchange translation reserve

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

(c) Retained earnings

The entire retained earning of the Company is available for distribution as single-tier dividends.

14. DEFERRED TAXATION

	Group	
	2017 RM	2016 RM
At 1 January	**8,540,000**	9,941,204
Recognised in profit or loss	**(239,858)**	(665,285)
Under/ (over) provision in prior year	**13,858**	(735,919)
At 31 December	**8,314,000**	8,540,000

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2017 RM	2016 RM
Deferred tax liabilities	**8,433,814**	8,684,085
Deferred tax assets	**(119,814)**	(144,085)
	8,314,000	8,540,000

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

Group **Deferred tax liabilities**	**Accelerated Capital Allowances** **RM**
At 1 January 2017	8,684,085
Recognised in profit or loss	(264,129)
Under provision in prior years	13,858
At 31 December 2017	8,433,814
At 1 January 2016	9,941,204
Recognised in profit or loss	(521,200)
Over provision in prior years	(735,919)
At 31 December 2016	8,684,085

Group **Deferred tax assets**	**Unutilised Capital Allowance** **RM**	**Unutilised Reinvestment Allowance** **RM**	**Unutilised Tax Losses** **RM**	**Total** **RM**
At 1 January 2017	-	-	(144,085)	(144,085)
Recognised in profit or loss	**(54,255)**	**(65,559)**	144,085	24,271
At 31 December 2017	**(54,255)**	**(65,559)**	-	(119,814)
At 1 January 2016	-	-	-	-
Recognised in profit or loss	-	-	(144,085)	(144,085)
At 31 December 2016	-	-	(144,085)	(144,085)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017 **RM**	**2016** **RM**
Unutilised tax losses	**6,556,842**	5,718,842
Unabsorbed reinvestment allowances	**1,134,956**	781,885
	7,691,798	6,500,727

Deferred tax assets of certain subsidiary company have not been recognised in respect of these items as it is not probable that they would have sufficient taxable profits to be used to offset.

15. TRADE PAYABLES

Included in trade payables of the Group is RM1,137,063 (2016: RM584,594) due from entities with significant influence over the Group. The amount is unsecured.

Credit terms of trade payables of the Group ranged from 30 to 120 days (2016: 30 to 120 days) from date of invoice.

16. OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	**4,773,353**	3,653,605	**54,038**	3,700
Deposits	**214,000**	360,193	**-**	-
Accruals	**6,104,705**	5,097,698	**459,600**	407,000
GST Payable	**73,634**	-	**-**	-
	11,165,692	9,111,496	**513,638**	410,700

17. REVENUE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sales of goods	**267,153,468**	272,637,646	**-**	-
Dividend income	**-**	-	**55,000,000**	10,000,000
	267,153,468	272,637,646	**55,000,000**	10,000,000

18. OTHER OPERATING INCOME

	Group	
	2017 RM	2016 RM
Reversal of impairment loss on trade receivables	**308,872**	2,802,713
Waiver of debts - trade payables	**32,998**	-
Waiver of debts - non-trade payables	**2,553**	-
Dividend income	**630**	900
Gain on disposal of property, plant and equipment	**190,068**	147,240
Gain of foreign exchange	**2,030,698**	3,857,159
Gain on disposal of other investment	**500**	-
Reversal of inventories written down	**-**	430,276
Rental income	**576,000**	576,000
Interest income	**2,404,051**	1,247,475
Insurance claim	**128,941**	1,820,602
Others	**883,654**	206,586
	6,558,965	11,088,951

19. PROFIT BEFORE TAXATION

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration:				
- statutory audits:				
- current year	**125,273**	127,300	**17,000**	17,000
- over provision in prior years	**-**	(2,000)	**-**	-
- non- audit services:				
- current year	**5,000**	5,000	**5,000**	5,000
Bad debts written off	**112,034**	2,388	**-**	-
Depreciation of property, plant and equipment	**11,244,526**	14,128,078	**-**	-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
(Gain)/Loss on disposal of property, plant and equipment	**(190,068)**	1,550	**-**	-
Loss/(Gain) on foreign exchange:				
- Realised	**-**	(2,578,011)	**-**	-
- Unrealised	**107,673**	(1,204,584)	**-**	-
Impairment loss on				
- Investment in subsidiary company	**-**	-	**149,693**	-
- Amount due from a subsidiary company	**-**	-	**5,822**	-
Inventories written off	**175,522**	-	**-**	-
Inventories written down	**594,512**	109,878	**-**	-
Reversal of inventories written down	**-**	(430,276)	**-**	-
Non-Executive Directors				
- fees	**234,000**	204,000	**234,000**	204,000
- other emolumments	**18,600**	16,700	**18,600**	16,700
Property, plant and equipment written off	**9,719**	47,691	**-**	-
Rental of premises	**2,648,028**	133,598	**-**	-
Fair value loss on derivative	**-**	20,776	**-**	-
Staff costs (Note 21)	**43,232,456**	41,497,510	**196,800**	193,500

20. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current year tax provision	**12,237,486**	12,969,288	**-**	-
Under/ (over) provision in prior years	**192,976**	(60,930)	**-**	-
	12,430,462	12,908,358	**-**	-
Deferred tax:				
- Origination and reversal of temporary differences	**(239,858)**	(311,554)	**-**	-
- Reduction in Malaysian income tax rate	**-**	(353,731)	**-**	-
Under/ (over) provision in prior years	**13,858**	(735,919)	**-**	-
	(226,000)	(1,401,204)	**-**	-
	12,204,462	11,507,154	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit before taxation	**45,730,885**	55,307,232	**54,072,901**	9,282,809
At Malaysian statutory tax rate of 24% (2016: 24%)	**10,975,412**	13,273,736	**12,977,496**	2,227,874
Effect of change in tax on deferred tax	**-**	(353,731)	**-**	-
Effect of change in tax on increase in chargeable income	**(32,819)**	-	**-**	-
Expenses not deductible for tax purposes	**1,670,773**	660,494	**222,504**	172,126
Tax exempt income	**-**	-	**(13,200,000)**	(2,400,000)
Income not subject to tax	**(582,152)**	(508,071)	**-**	-
Utilisation of capital allowances	**-**	(1,147)	**-**	-
Utilisation of previously unrecognised unutilised reinvestment allowances	**-**	(210,611)	**-**	-
Utilisation of current year's reinvestment allowances	**(81,091)**	(318,974)	**-**	-
Expenses eligible for double deduction	**(238,352)**	(341,916)	**-**	-
Unabsorbed tax loses utilised	**-**	(4,391)	**-**	-
Increased in unused tax losess	**-**	108,614	**-**	-
Deferred tax assets not recognised on business loss and capital allowance	**285,857**	-	**-**	-
Under/ (over) provision of deferred taxation of prior years	**13,858**	(735,919)	**-**	-
Under/ (over) provision of taxation of prior years	**192,976**	(60,930)	**-**	-
	12,204,462	11,507,154	**-**	-

21. STAFF COSTS

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Labour cost (included in cost of sales):				
Salaries, wages and others	**27,098,599**	25,864,790	**-**	-
Defined contribution plan	**1,552,572**	1,461,457	**-**	-
	28,651,171	27,326,247	**-**	-
Staff cost				
Salaries, wages and others	**12,534,781**	12,271,480	**196,800**	193,500
Defined contribution plan	**2,046,504**	1,899,783	**-**	-
	14,581,285	14,171,263	**196,800**	193,500
Total staff costs	**43,232,456**	41,497,510	**196,800**	193,500

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive

Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, wages and other emoluments	**3,201,425**	3,077,100	**16,800**	13,500
Fees	**180,000**	180,000	**180,000**	180,000
Defined contribution plans	**620,965**	579,888	**-**	-
	4,002,390	3,836,988	**196,800**	193,500

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries and other emoluments	**2,252,500**	2,128,800	**-**	-
Defined contribution plan	**422,537**	409,912	**-**	-
	2,675,037	2,538,712	**-**	-

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2017 RM	2016 RM
Profit attributable to owners of the Company	**33,526,423**	43,800,078
Weighted average number of ordinary shares in issue	**228,800,000**	228,800,000
Basic earnings per ordinary share (sen)	**14.65**	19.14

Diluted earnings per ordinary share

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

23. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	2017 RM	2016 RM
Group		
Sales of trading goods to entities with significant influence over the company	**(15,685,914)**	(17,700,373)
Purchase of trading goods from entities with significant influence over the company	**8,616,547**	8,169,873
Transactions with persons connected to Directors of the Company:		
- salaries paid	**122,177**	123,650
- rental paid	**319,200**	271,200
Company		
Gross dividend income received/receivable from subsidiary company:		
- tax exempt	**(55,000,000)**	(10,000,000)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive:				
Fees	**180,000**	180,000	**180,000**	180,000
Salaries and other emoluments	**3,201,425**	3,077,100	**16,800**	13,500
Total short-term employee benefits	**3,381,425**	3,257,100	**196,800**	193,500
Defined contribution plan	**620,965**	579,888	**-**	-
	4,002,390	3,836,988	**196,800**	193,500
Non-Executive:				
Fees	**234,000**	204,000	**234,000**	204,000
Other emoluments	**18,600**	16,700	**18,600**	16,700
Total short-term employee benefits	**252,600**	220,700	**252,600**	220,700
Other Directors (on board of subsidiary companies)				
Executive:				
Salaries and other emoluments	**2,252,500**	2,128,800	**-**	-
Defined contribution plan	**422,537**	409,912	**-**	-
	2,675,037	2,538,712	**-**	-

24. CAPITAL COMMITMENT

	Group	
	2017 RM	**2016 RM**
Capital expenditure authorised and contracted for but not provided in the financial statements in respect of purchase of property, plant and equipment	**831,185**	740,177

25. DIVIDENDS

	Group and Company	
	2017 RM	**2016 RM**
A first interim single-tier dividend of 20% (2016: 6%) per ordinary share in respect of the financial year ended 31 December 2016 (2016: 31 December 2015)	**22,880,000**	6,864,179

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

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 31 December 2017.

26. OPERATING SEGMENTS

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

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

Other non-reportable segment comprises of investment holding activities.

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

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

Segment assets and liabilities

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

	Manufacturing RM	Trading RM	Investment holding RM	Elimination / adjustments* RM	Total RM
2017					
Revenue					
External customers	85,729,671	181,423,797	-	-	267,153,468
Inter-segment	113,007,291	2,571,828	55,000,000	(170,579,119)	-
Total revenue	198,736,962	183,995,625	55,000,000	(170,579,119)	267,153,468
Results					
Segment profit before tax	6,462,567	41,862,372	54,072,901	(56,666,955)	45,730,885
Segment assets	166,041,497	231,442,515	173,666,191	(277,254,368)	293,895,835
Segment liabilities	137,715,499	142,720,424	513,638	(237,146,072)	43,803,489
2016					
Revenue					
External customers	95,090,911	177,546,735	-	-	272,637,646
Inter-segment	116,630,193	3,285,270	10,000,000	(129,915,463)	-
Total revenue	211,721,104	180,832,005	10,000,000	(129,915,463)	272,637,646
Results					
Segment profit before tax	15,464,161	40,545,438	9,282,809	(9,985,176)	55,307,232
Segment assets	226,665,460	138,352,032	166,957,842	(242,811,553)	289,163,781
Segment liabilities	193,428,819	33,603,674	24,998,190	(202,370,212)	49,660,471

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

Geographical segments

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

	Revenue		Non-current assets	
	2017 RM	2016 RM	2017 RM	2016 RM
Malaysia	**118,629,366**	122,390,286	**114,571,481**	119,547,164
Eastern Asia	**73,581,136**	73,016,158	**29,712**	29,048
South East Asia	**40,789,761**	39,887,348	**6,260**	3,972
Middle East	**27,065,435**	29,135,580	**-**	-
Others	**7,087,770**	8,208,274	**-**	-
	267,153,468	272,637,646	**114,607,453**	119,580,184

27. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

Group	Loans and receivables/ Financial liabilities measured at amortised cost RM	Available-for-sale RM	Total RM
Financial Assets			
2017			
Trade receivables	50,860,663	-	50,860,663
Other receivables	1,319,076	-	1,319,076
Deposits, cash and bank balances	87,616,731	-	87,616,731
Total financial assets	139,796,470	-	139,796,470
2016			
Other investments	-	1,000	1,000
Trade receivables	55,580,355	-	55,580,355
Other receivables	2,289,326	-	2,289,326
Deposits, cash and bank balances	65,444,186	-	65,444,186
Total financial assets	123,313,867	1,000	123,314,867
Financial Liabilities			
2017			
Trade payables	22,445,722	-	22,445,722
Other payables and accruals	11,165,692	-	11,165,692
Total financial liabilities	33,611,414	-	33,611,414
2016			
Trade payables	28,946,172	-	28,946,172
Other payables and accruals	9,111,496	-	9,111,496
Total financial liabilities	38,057,668	-	38,057,668

Company	Loans and receivables RM
Financial Assets	
2017	
Other receivables	1,000
Amounts due from subsidiary companies	132,151,707
Deposits, cash and bank balances	2
Total financial assets	132,152,709

Company Financial Assets (cont'd)	Loans and receivables RM
2016	
Other receivables	1,000
Amounts due from subsidiary companies	125,213,665
Deposits, cash and bank balances	2
Total financial assets	125,214,667

Company Financial Liabilities	Financial liabilities at amortised cost RM
2017	
Other payables	513,638
Amounts due to subsidiary companies	-
Total financial liabilities	513,638
2016	
Other payables	410,700
Amounts due to subsidiary companies	24,587,490
Total financial liabilities	24,998,190

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group’s exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group’s exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company’s exposure to credit risk arises principally from loans and advances to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group’s and the Company’s maximum exposure to credit risk.

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

	Group	
	2017 RM	2016 RM
Malaysia	**22,576,460**	27,883,033
China	**8,249,645**	9,682,893
Other countries	**20,034,558**	18,014,429
	50,860,663	55,580,355

The Company has no significant concentration of credit risks except for unsecured advances to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from its various payables.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term and long term funding requirements.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Group			
2017			
Trade payables	22,445,722	22,445,722	22,445,722
Other payables	11,165,692	11,165,692	11,165,692
	33,611,414	33,611,414	33,611,414
2016			
Trade payables	28,946,172	28,946,172	28,946,172
Other payables	9,111,496	9,111,496	9,111,496
	38,057,668	38,057,668	38,057,668
Company			
2017			
Other payables	513,638	513,638	513,638
2016			
Other payables	410,700	410,700	410,700

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar (SGD), United States Dollar (USD), Brunei Dollar (BND), Hong Kong Dollar (HKD), Indonesia Rupiah (IDR) and China Renminbi (RMB).

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated In						
	SGD RM	USD RM	BND RM	HKD RM	RMB RM	IDR RM	Total RM
Group							
2017							
Trade receivables	96,898	14,535,126	38,475	1,177,948	8,249,645	-	24,098,092
Deposits, cash and bank balances	-	2,750,646	-	-	1,039,705	190,281	3,980,632
Net exposure	96,898	17,285,772	38,475	1,177,948	9,289,350	190,281	28,078,724
2016							
Trade receivables	85,595	15,672,581	49,254	2,321,732	9,568,160	-	27,697,322
Deposits, cash and bank balances	-	5,363,508	-	-	1,560,376	-	6,923,884
Net exposure	85,595	21,036,089	49,254	2,321,732	11,128,536	-	34,621,206

Foreign currency sensitivity analysis
Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the SGD, USD, BND, HKD, IDR and RMB exchange rates against RM, with all other variables held constant.

Group	Change in currency rate	Effect on profit before tax 2017 RM	Effect on profit before tax 2016 RM
SGD	Strengthened 5%	**4,845**	4,280
	Weakened 5%	**(4,845)**	(4,280)
USD	Strengthened 5%	**864,289**	1,051,804
	Weakened 5%	**(864,289)**	(1,051,804)
BND	Strengthened 5%	**1,924**	2,463
	Weakened 5%	**(1,924)**	(2,463)
HKD	Strengthened 5%	**58,897**	116,087
	Weakened 5%	**(58,897)**	(116,087)
IDR	Strengthened 5%	**9,514**	-
	Weakened 5%	**(9,514)**	-
RMB	Strengthened 5%	**464,468**	556,427
	Weakened 5%	**(464,468)**	(556,427)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2017 RM	2016 RM
Group		
Fixed rate instruments		
Financial Assets		
- Fixed deposits with licensed banks	**64,270,936**	49,051,416
- Fixed deposits with licensed banks with maturity more than 3 months	**8,063,060**	-
- Short term deposits with licensed banks	**500,000**	2,790,851

Interest rate risk sensitivity analysis
Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

The carrying amounts of receivables and payables, cash and cash equivalents approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

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

Non-derivatives financial instruments
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(iv) Level 3 fair value

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

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group monitors capital using debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements. The debt-to-equity ratios at end of the reporting period are as follows:

	Group	
	2017 RM	2016 RM
Debt		
Trade and other payables	**33,611,414**	38,057,668
Capital		
Total equity	**250,092,346**	239,503,310
Debt-to-equity ratio	**0.13**	0.16

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

29. SIGNIFICANT EVENT

Letter of Tax Audit Received From Inland Revenue Board Of Malaysia
Cocoaland Industry Sdn Bhd ("CISB"), a wholly-owned subsidiary of Cocoaland Holdings Berhad ("Cocoaland"), has been served with a letter from the Inland Revenue Board of Malaysia ("IRB") dated on 19 October 2017 pertaining to the initial tax audit findings for the years of assessment 2010 to 2014 showing an additional income tax of RM4,059,479.73 and 45% penalty of RM1,826,765.88 totalling RM5,886,245.61.

CISB has engaged with tax consultants on the basis of the tax audit findings raised by the IRB and appealed accordingly. On 6 December 2017, CISB received a revised tax audit finding for the years of assessment 2010 to 2014 from the IRB. The revised tax audit findings showed an additional income tax of RM10,239.73 and 45% penalty of RM4,607.89 totalling RM14,847.62.

Having deliberated on the matter, the Board of Directors accepted the revised tax audit findings issued by the IRB.

30. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 April 2018.

LIST OF **PROPERTIES**

AS AT 31 December 2017

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
L.B. Food Sdn. Bhd. *No. 41, Jalan E1/4, Kawasan Perusahaan Taman Ehsan 52100 Kepong Selangor Darul Ehsan.*	A double-storey warehouse with a 3-storey office annexe.	2,415 sq. meter	Leasehold 99 years *expiring on 09.07.2078*	37	2,021	1.12.2003 / Year 1991
L.B. Food Sdn. Bhd. *Lot 883, Off Jalan Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan*	A detached industrial factory complex comprising a main factory building with an annexe, 2 other factory buildings and a host of other support buildings/ structures.	12,138 sq. meter.	Leasehold 60 years *expiring on 15.04.2046*	27 to 31	1,774	1.12.2003/ Year 1988
Cocoaland Industry Sdn. Bhd. *Lot 100, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	A block of single storey factory with a 2-storey factory with annexe, 3 blocks of single storey factory/ warehouses and a 2-storey canteen.	17,710 sq. meter	Freehold	22 to 25	8,329	1.12.2003/ Year 1993
Cocoaland Industry Sdn. Bhd. *Lot 5, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	A single storey factory/ warehouse with a 2-storey office annexe.	8,303 sq. meter	Freehold	16	5,015	1.12.2003/ Year 2001
Cocoaland Industry Sdn. Bhd. *H.S. (D) 81124, PT9010 Seksyen 2D, Bandar Rawang Daerah Gombak Selangor Darul Ehsan*	A single warehouse, a block of double-storey factory and a block of 4 storey factory building	30,326 sq. meter	Leasehold 99 years *expiring on 07.01.2114*	9	36,823	8.12.2005/ Year 2009

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
B Plus Q Sdn. Bhd. *No. 324, Taman Diawan Mambang Diawan 31950 Kampar Perak Darul Ridzuan*	A single storey terrace house/ Staffs' hostel.	130 sq. meter	Leasehold 99 years *Expiring on 29.12.2081*	16	45	18.08.2003
B Plus Q Sdn. Bhd. *No. 325, Taman Diawan Mambang Diawan 31950 Kampar Perak Darul Ridzuan*	A single storey terrace house/ Staffs' hostel.	130 sq. meter	Leasehold 99 years *Expiring on 29.12.2081*	16	45	18.08.2003
CCL Food & Beverage Sdn. Bhd. *Geran 212309 for Lot 21225, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	10,257 sq. meter	Freehold	-	7,863	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 205539 for Lot 19004, Seksyen 20, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	306 sq. meter	Freehold	-	235	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 212310 for Lot 21226, Mukim Rawang, Selangor*	Single storey warehouse and 2 storey office annexed	9,163 sq. meter	Freehold	20	11,783	23.08.2013

Analysis Of **Shareholdings**

AS AT 23 March 2018

Share Capital

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

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	415	18.44	17,851	0.01
100 – 1,000	359	15.96	242,223	0.11
1,001 - 10,000	1,046	46.49	4,488,338	1.96
10,001 - 100,000	345	15.33	9,608,472	4.20
100,001 to less than 5% of issued shares	83	3.69	74,596,488	32.60
5% and above of issued shares	2	0.09	139,846,628	61.12
Total	2,250	100.00	228,800,000	100.00

List of Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
1.	Leverage Success Sdn. Bhd.	87,046,628	38.04
2.	Fraser & Neave Holdings Bhd.	52,800,000	23.08
3.	Fraser & Neave Holdings Bhd.	9,411,466	4.11
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund)*	5,121,400	2.24
5.	Amanahraya Trustees Berhad *(Public Islamic Optimal Growth Fund)*	4,862,533	2.13
6.	Tan Booi Charn	4,230,000	1.85
7.	Kumpulan Wang Persaraan (Diperbadankan)	3,881,800	1.70
8.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account For Rickoh Corporation Sdn. Bhd.]*	3,333,333	1.46
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account for Koh Kin Lip (8058900)]*	2,651,666	1.16
10.	Amanahraya Trustees Berhad *(Public Islamic Emerging Opportunities Fund)*	2,582,400	1.13
11.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board]*	2,176,000	0.95

	Name of Shareholders	No. of Shares	% of Shares
12.	Amanahraya Trustees Berhad *(PB Islamic Smallcap Fund)*	1,789,400	0.78
13.	Amanahraya Trustees Berhad *(Public Islamic Treasures Growth Fund)*	1,755,200	0.77
14.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust]*	1,645,733	0.72
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *(Deutsche Trustees Malaysia Berhad For Eastspring Investments Islamic Small-Cap Fund)*	1,643,800	0.72
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board (AM Inv)]*	1,582,700	0.69
17.	Ho Sek Kee Sdn Bhd	1,346,666	0.59
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)]*	1,312,900	0.57
19.	Chew Pui Ming	1,256,397	0.55
20.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *[CIMB Commerce Trustee Berhad-AMB Smallcap Trust Fund]*	1,188,000	0.52
21.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *[CIMB Bank For Mak Tian Meng (MY0343)]*	1,058,300	0.46
22.	Wong Yoke Chou	912,000	0.40
23.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (UOBAMM6939-406)*	880,000	0.38
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account For Mak Tian Meng)*	830,666	0.36
25.	Universal Trustee (Malaysia) Berhad *(Kaf Tactical Fund)*	800,000	0.35
26.	Amanahraya Trustees Berhad *(Public Ehsan Mixed Asset Growth Fund)*	782,300	0.34
27.	Lau Kee Von	777,333	0.34
28.	HSBC Nominees (Asing) Sdn. Bhd. *[Tntc For Aps Fund]*	737,800	0.32
29.	Universal Trustee (Malaysia) Berhad *(Kaf Dana Adib)*	720,000	0.31
30.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *[CIMB Bank For Koh Kin Lip (MY0502)]*	666,666	0.29

List of Substantial Shareholders

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

(a) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").

(b) Deemed interested by virtue of its shareholding in Fraser & Neave Holdings Bhd. pursuant to Section 8(4)(b) of the Act.

(c) Deemed interested pursuant to Section 8(4)(c) of the Act.

Directors' Shareholdings

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman Bin Mahmood	524,444	0.23	0	0.00
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	1.45	3,333,333 (a)	1.46
Liew Fook Meng	0	0	87,046,628 (b)	38.04
Lau Kee Von	777,366	0.34	87,046,628 (b)	38.04
Lau Pak Lam	0	0	87,046,628 (b)	38.04
Lau Kim Chew	0	0	0	0
Chow Kee Kan @ Chow Tuck Kwan	0	0	0	0
Lim Yew Hoe	0	0	0	0
Soh Swee Hock @ Soh Say Hock	0	0	0	0
Tai Chun Wah	23,466	0.01	0	0
Lau Cheng Yew (alternate to Lim Yew Hoe)	0	0	0	0

(a) Deemed interested by virtue of his shareholding in Rickoh Corporation Sdn. Bhd. pursuant to Section 8(4) of the Act.

(b) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd pursuant to Section 8(4) of the Act.

cocoaland®

Cocoaland Holdings Berhad
(Company No. 516019-H)
(Incorporated in Malaysia)

Form Of Proxy

Number of Shares held	

I/We ____

of____

being a member / members of **Cocoaland Holdings Berhad** hereby appoint the Chairman of the Meeting*

or ________________________________ (Passport / NRIC NO : ____________________)

of____

or failing him/her,____________________ (Passport / NRIC NO : ____________________)

of____

**Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.*

as my/our proxy to vote for me/us on my/our behalf at the Eighteenth (18th) Annual General Meeting ("AGM") of the Company to be held at **Crystal 1, Level 1, Crystal Crown Hotel Kuala Lumpur, 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur** on **Wednesday, 30 May 2018** at **10.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Azman bin Mahmood as Director		
2.	Re-election of Tan Sri Dato' Sri Koh Kin Lip as Director		
3.	Re-election of Mr. Tai Chun Wah as Director		
4.	Election of Mr. Lau Kim Chew as Director		
5.	Payment of Directors' fees and benefits from this AGM until the next Annual General Meeting		
6.	Re-Appointment of Messrs. UHY as Auditors		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Proposed Renewal of Share Buy-Back Authority		
9.	Proposed Retention of Dato' Azman Bin Mahmood as Independent Non-Executive Director		
10.	Proposed Retention of Mr. Chow Kee Kan @ Chow Tuck Kwan as Independent Non-Executive Director		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _______day of__________________2018

Signature: ________________________________

NOTES:-

(i) Only members whose names appear in the Record of Depositors as at 22 May 2018 will be entitled to attend and vote at the Meeting.

(ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

(v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 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.

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STAMP

THE COMPANY SECRETARY
COCOALAND HOLDINGS BERHAD (516019-H)
LOT 6.08, 6TH FLOOR
PLAZA FIRST NATIONWIDE
NO. 161, JALAN TUN H.S. LEE
50000 KUALA LUMPUR

Please Fold Along This Line