



TECK GUAN PERDANA BERHAD

No.307097-A

Annual Report 2017

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of the Members of the Company will be held at the Theobroma Conference Room, First Floor; Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Thursday, 22nd June 2017 at 9.00 a.m. to transact the following:-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 January 2017 together with the Reports of the Directors and Auditors thereon. **(Refer to Note 8)**
2. To approve the payment of Directors' fees amounting to RM36,000 and benefits for the financial year ended 31 January 2017. (Resolution 1)
3. To approve the payment of Directors' fees not exceeding the amount RM54,000 and any benefits payable for the financial year ending 31 January 2018. (Resolution 2)
4. To re-elect Mr.Tham Vui Vun who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association. (Resolution 3)
5. To re-elect Mr.Fung Hiuk Bing who retires as a Director of the Company pursuant to Article 94 of the Company's Articles of Association. (Resolution 4)
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass with or without modification, the following resolutions as Ordinary Resolutions respectively:-

7. ORDINARY RESOLUTION

Continuation in office for Mr.Tham Vui Vun as Independent Non-Executive Director

"THAT subject to the passing of Resolution 3, Mr. Tham Vui Vun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue his office as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance to the Malaysian Code on Corporate Governance 2012 " **(Refer to Note 9)** (Resolution 6)

8. ORDINARY RESOLUTION

Approval For Issuance Of New Ordinary Shares Pursuant To Section 76 Of The Companies Act, 2016

"THAT, subject always to the Companies Act 2016, the Articles of Association of the Company and approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Section 76 of the Companies Act 2016 to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued shares for the time being of the Company AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." (Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

9. **ORDINARY RESOLUTION**

Proposed Renewal Of Shareholders' Mandate For Existing Recurrent Related Party Transactions

"THAT subject to the Companies Act 2016, the Memorandum and Articles of Association of the Company and Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 3.2 of the circular to shareholders dated 29 May 2017 [hereinafter referred to as "the Circular"] with the related parties mentioned therein be and is hereby renewed provided that: (Resolution 8)

- (a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (b) disclosure of the breakdown of the aggregate value of the recurrent related party transactions conducted during the financial year will be made in the annual report based on the following information:
 - (i) the type of recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

AND THAT the authority granted by such renewed mandate is subject to annual renewal and shall continue to be in force until:

- (i) The conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions will be tabled; or
- (ii) The expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) Revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do such acts and things to give full effect to the transactions contemplated and/or authorised by this resolution."

10. To transact any other business for which due notice has been given in accordance with the Company's Articles of Association and the Companies Act, 2016.

BY ORDER OF THE BOARD

NG KOK WAH (MIA 16956)

Company Secretary

Tawau, Sabah.

Dated this 29 May 2017

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

General Meeting of Record of Depositors

1. Only members whose names appear in the Record of Depositors as at 15 June 2017, issued by Bursa Malaysia Depository Sdn. Bhd, will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

Appointment of Proxy

2. A proxy may but need not be a member of the Company and there is no restriction as to the qualification of a proxy. Provided that, having appointed a proxy or an attorney to attend in his stead, if such member personally attends the meeting, his proxy or attorney shall be precluded from attending such meeting.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
6. To be valid the duly completed proxy form must be deposited at the Registered office of the Company at 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah, not less than 48 hours before the time fixed for holding the Meeting.

Voting by Poll

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

Explanatory Note on Ordinary Business

8. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Notes on Special Business

9. Ordinary Resolution (Resolution 6)

Mr.Tham VuiVun had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. The Board holds the view that he remains objective and independent in carrying out his role and responsibility as a member of the Board and Board Committees. The length of his service does not interfere with his ability and exercise of independent judgment as Independent Director. Therefore, the Board has recommended that the approval of the shareholders be sought for him to continue to act in the capacity as the Independent Non-Executive Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

10. Ordinary Resolution (Resolution 7)

The Ordinary Resolution proposed under Resolution 7 of the Agenda is a renewal of the General Mandate for the Directors to issue and allot shares pursuant to Section 76 of the Companies Act 2016. The Ordinary Resolution proposed is in line with the Company's expansion plan, which may involve the issuance of new shares (other than bonus or rights issues) for purposes of funding investments, working capital and /or acquisitions. Under the Companies Act 2016, the Directors would have to call for a general meeting to approve the issuance of new shares even though the number of shares involved is less than 10% of the issued shares of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek shareholders' approval for the Directors to issue shares (other than bonus or rights issues) in the Company up to an aggregate amount not exceeding 10% of the issued shares of the Company for the time being and also empower the Directors to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.

This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company, or at the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. As at the date of this notice, no new shares of the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 24 June 2016 and which will lapse at the conclusion of the forthcoming Annual General Meeting and the Directors of the Company do not intend to raise funds from the general mandate sought last year.

11. Ordinary Resolution (Resolution 8)

The proposed resolution is in relation to Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and which are necessary for the day-to-day operations of the Company. If approved by the shareholders, it will empower the Company to conduct transactions of revenue or trading nature with the parties related to the Company. Please refer to the Circular to Shareholders dated 29 May 2017 for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Save for re-election of retiring directors, no individual is standing for election as a director at the forthcoming 23rd Annual General Meeting of the Company.

Both Mr. Tham Vui Vun and Mr. Fung Hiuk Bing were last re-elected as Directors of the Company on 31 July 2014. Accordingly Mr. Tham Vui Vun retires pursuant to Article 93 which provide that the number nearest to one-third (1/3) of the directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company; and Mr. Fung Hiuk Bing retires pursuant to Article 94 which provide that all directors shall retire from office at least in each three (3) years and such retiring director shall be eligible for re-election. The particulars of both Directors seeking re-election can be found respectively on the section on "Profiles of Directors and Key Senior Management" of this Annual Report.

2. The Company is seeking the shareholders' approval to renew the general mandate to issue shares in the Company pursuant to Section 76 of the Companies Act 2016, as proposed in the Ordinary Resolution No. 7 in the Notice of Annual General Meeting of the Company. Further details of the said mandate/resolution are contained in the Explanatory Note 10 to the Notice of Annual General Meeting.

CORPORATE INFORMATION

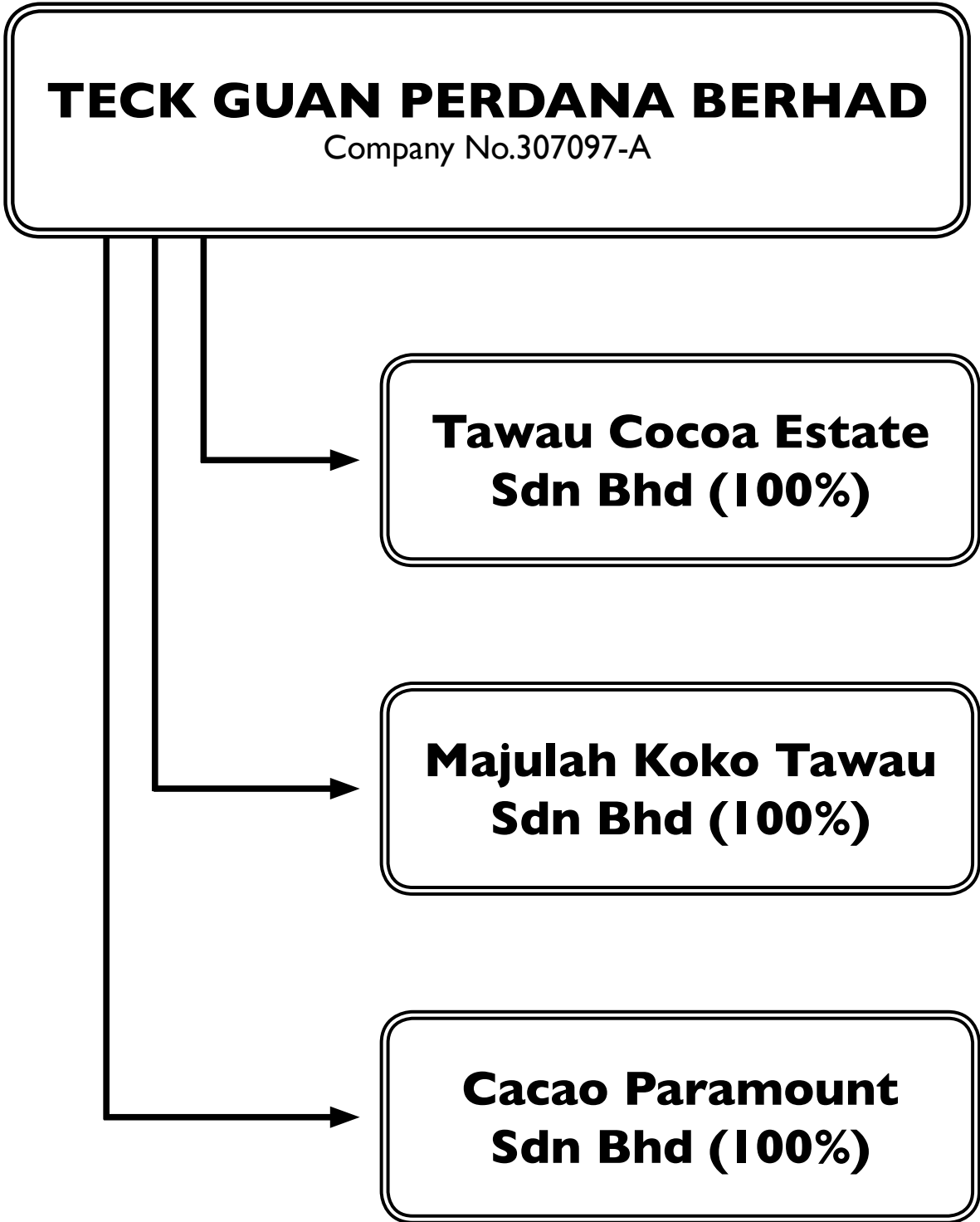
DIRECTORS :	Tham Vui Vun (Chairman and Independent Non-Executive Director) Datuk Hong Ngit Ming (Managing Director) Fung Hiuk Bing (Independent Non-Executive Director) Wong Peng Mun (Independent Non-Executive Director)
AUDIT COMMITTEE :	Tham Vui Vun (Chairman) Fung Hiuk Bing Wong Peng Mun
COMPANY SECRETARY :	Ng Kok Wah (MIA 16956)
REGISTERED OFFICE :	318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah Tel: 6089-772275 Fax: 6089-761052 Email: perdana@teckguan.com
AUDITORS :	Ernst & Young, Chartered Accountants
BANKERS :	RHB Bank Berhad Malayan Banking Berhad Hong Leong Bank Berhad
SOLICITORS :	Ting, Rosen & Co Liew Hon Min & Co Alex Pang & Co Ho Chong Yong Chung & Associates
REGISTRAR :	Bina Management (M) Sdn Bhd Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel: 603-77843922 Fax: 603-77841988
STOCK EXCHANGE LISTING :	Bursa Malaysia Securities Berhad (Main Market) Stock Short Name :TECGUAN Stock Code : 7439 Sector : Industrial Products
WEBSITE :	www.teckguan.com/tgp

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 January	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
RESULTS OF OPERATIONS					
Revenue	377,311	210,573	264,052	202,257	169,464
Pre-Tax Profit / (Loss)	15,288	12,295	(710)	8,666	(25,578)
After-Tax Profit / (Loss)	11,980	8,308	(2,055)	7,006	(24,569)
FINANCIAL POSITION					
Working Capital	21,816	4,752	1,437	8,871	6,613
Net Assets	102,915	90,935	75,094	77,149	70,143
Total Assets	188,223	168,516	176,013	152,657	176,678
Paid-up Capital	40,097	40,097	40,097	40,097	40,097
Shareholders' Funds	102,915	90,935	75,094	77,149	70,143
DIVIDEND					
Final (Paid)	0	0	0	0	0
Cover (Times)	0	0	0	0	0
PER SHARE (in SEN)					
Net Assets	256.7	226.8	187.3	192.4	174.9
Profit / (Loss) Before Tax*	38.1	30.7	(1.8)	21.6	(63.8)
Profit / (Loss) After Tax*	29.9	20.7	(5.1)	17.5	(61.3)
Dividend – Final (Gross)	0.0	0.0	0.0	0.0	0.0

* Calculated based on 40,096,902 ordinary shares in issue throughout each financial year (unit)

CORPORATE STRUCTURE



PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR.THAMVUIVUN

Position : Chairman and Independent Non-Executive Director

Age : 59

Gender : Male

Nationality : Malaysian

Qualification :

Fellow Member of the Chartered Association of Certified Accountant, United Kingdom.
Chartered Accountant Malaysia (C.A.(M))

Working Experience :

He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 15 November 2001. He was appointed the post of Chairman on 15 April 2013. He is also a Chartered Accountant, Malaysia having more than thirty years working experience in both accounting and auditing fields and currently heads his own practice as V.V.Tham & Co since 1998.

Occupation : Auditor

Date first appointed to the board : 15 November 2001

Details of any board committee appointment:

Audit Committee – Chairman
Remuneration Committee – Chairman
Nomination Committee – Chairman
Risk Management Committee – Member

Directorship of other public companies and listed corporation : NIL

Family relationship with any directors and/or major shareholder of the Company : NIL

Conflict of interest with the Company : NIL

List of convictions for offences within the past 5 years (other than traffic offence) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year : NIL

Number of board meetings attended in the financial year : 5/5

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

DATUK HONG NGIT MING

Position : Managing Director (Key Senior Management)

Age : 63

Gender : Male

Nationality : Malaysian

Qualification :

Enrolled in 1973 into the renowned Imperial College London and graduated in 1976 with two (2) qualifications: BSc (Hons) and ACGL. He also earned a master degree in economics from the University Malaysia Sabah.

Working Experience :

He was appointed the Deputy Executive Chairman of Teck Guan Perdana Bhd on 18 June 1996 and its Executive Chairman on 20 April 1998. He was appointed the new Managing Director following his cessation as Executive Chairman on 15 April 2013. He joined Teck Guan Holdings Sdn Bhd's Group of Companies on 1 October 1976 as a management trainee, based in the Agriculture Division. He was appointed a director in 1979 and in 1983, he became the Deputy Managing Director of the Teck Guan Holdings Group, a very large diversified multi-national company with worldwide operations in many countries.

He has excellent business acumen due to his multi-disciplinary background in business. His scientific knowledge has led him to revolutionise the cocoa industry in Malaysia when he pioneered "The Zero-Shade Cocoa Planting", which forever changed the entire cocoa cultivation industry. He has in the year 2002, published his works entitled "Development History of Zero-Shade Cocoa And Its Theories - Let there be Light". Both local and international researchers have sought his advice on technical aspects of cocoa.

His lifelong dream for economic greatness has been fulfilled with his 2007 publication of his book entitled "Wealth Creation Mystery - You Win, I Win, Everyone Wins, Who then is the Loser" which shattered long held economic fundamentals on wealth creation and created tremendous excitement in the world of economics. His book is a must read book on wealth creation.

He has great foresight in business and among the first to venture into the high end oleo chemical fatty alcohol and his views are much sought after. He currently sits on the Board of Teck Guan Perdana Bhd's subsidiaries, and several other private companies.

Occupation : Director

Date first appointed to the board : 18 June 1996

Date appointed as Managing Director : 15 April 2013

Details of any board committee appointment : NIL

Directorship of other public companies and listed corporation : NIL

Family relationship with any directors and/or major shareholder of the Company :

Datuk Hong Ngit Ming is deemed interested by virtue of his direct interest in shares in and being director of the holding company.

Conflict of interest with the Company : NIL

List of convictions for offences within the past 5 years (other than traffic offence) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year : NIL

Number of board meetings attended in the financial year : 3/5

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. FUNG HIUK BING

Position : Independent Non-Executive Director

Age : 47

Gender : Male

Nationality : Malaysian

Qualification :

Fellow member of CPA Australia

Fellow member of Chartered Tax Institute of Malaysia (FCTIM)

Chartered Accountant of the Malaysian Institute of Accountants (MIA)

Working Experience :

He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 19 December 2013. He is also a Chartered Accountant, Malaysia having more than twenty years working experience in both accounting and auditing fields and currently heads his own practice as HB Fung & Co. since 2007.

Occupation : Auditor

Date first appointed to the board : 19 December 2013

Details of any board committee appointment :

Risk Management Committee – Chairman

Audit Committee – Member

Remuneration Committee – Member

Nomination Committee – Member

Directorship of other public companies and listed corporation : NIL

Family relationship with any directors and/or major shareholder of the Company : NIL

Conflict of interest with the Company : NIL

List of convictions for offences within the past 5 years (other than traffic offence) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year : NIL

Number of board meetings attended in the financial year : 5/5

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. WONG PENG MUN

Position : Independent Non-Executive Director

Age : 56

Gender : Male

Nationality : Malaysian

Qualification :

Bsc (Hons) in Physics, Diploma in Management
Licenced Secretary (LS 003897)

Working Experience :

He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 5th December 2008. He has more than 20 years of working experience in both secretarial and auditing fields. He has worked as audit senior with Ernst & Young and the then secretarial firm providing secretarial services for 8 years before establishing the current consultancy firm, Konsep Bisnes that provides corporate secretarial services.

Occupation : Director

Date first appointed to the board : 5 December 2008

Details of any board committee appointment :

Audit Committee – Member
Remuneration Committee – Member
Nomination Committee – Member
Risk Management Committee – Member

Directorship of other public companies and listed corporation : NIL

Family relationship with any directors and/or major shareholder of the Company : NIL

Conflict of interest with the Company : NIL

List of convictions for offences within the past 5 years (other than traffic offence) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year : NIL

Number of board meetings attended in the financial year : 5/5

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. CHONG NYET WUI

Position : Chief Financial Officer of the Group (Key Senior Management)

Age : 59

Gender : Male

Nationality : Malaysian

Qualification :

Fellow Member of the Chartered Association of Certified Accountant, United Kingdom.
Chartered Accountant Malaysia (C.A.(M))

Working Experience :

He has accumulated more than thirty years of working experience in auditing with Ernst & Young, and KPMG for more than five years, an accountant with experience in accounting and finance with Pacific Hardwoods Sdn Bhd for six years and as commercial manager with Pamol Plantations Sdn Bhd for seven years. He was also the Group Accountant of Cepatwawasan Group Berhad for four years. Prior to his current position, he was the senior accountant with Teck Guan Holdings Sdn Bhd, deemed related to the Company.

Date appointed as Chief Financial Officer : 26 March 2013

Directorship of other public companies and listed corporation : NIL

Family relationship with any directors and/or major shareholder of the Company : NIL

Conflict of interest with the Company : NIL

List of convictions for offences within the past 5 years (other than traffic offence) and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year : NIL

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Teck Guan Perdana Bhd, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 January 2017.

Financial Performance

For the year ended 31 January 2017, the Group registered revenue of RM377.31 million, representing an increase of 79.19% compared to RM210.57 million in the preceding year. The higher revenue was mainly attributed to increase in average selling price and sales volume.

The Group registered a profit after tax of RM11.98 million as compared to RM8.31 million in the preceding year mainly due to increase in average selling price and favourable foreign exchange recognised.

Operations Review

(a) Oil Palm Products :

During the financial review, almost all planted areas under oil palm segment of the Group have attained maturity with average crop age of 14 years. Fresh fruit bunches yield registered a decrease of approximately 6.94%. The sales volume for crude palm kernel oil had registered an increase of approximately 21.06% while the sale volume for palm kernel expeller registered a decrease of 14.21% as compared with preceding year.

The operating profit for palm oil products segment increased from RM13.31 million in the preceding year to RM16.27 million in the current year. The increase was mainly attributed to increase in average selling price and favourable foreign exchange recognised.

(b) Cocoa Products :

The operating profit for cocoa products segment increased from RM0.17 million in the preceding year to RM0.19 million in the current year. The increase was mainly attributed to increase operating margin for cocoa products.

Dividend

The Board did not recommend any dividend for the financial year ended 31 January 2017.

Prospects

The overall financial performance in financial year 2017 was reasonably encouraging despite the challenging external environment on palm oil market. For the coming year, the palm oil market is expected to remain challenging with volatility in exchange rates and unstable commodity prices. However, Management is cautiously optimistic on the prospects of the palm oil industry and continues its management effort to mitigate these risks to ensure the Group always remains competitive and to be resilient in the face of adversity.

Appreciation

On behalf of the Board, I would like to express our thanks and appreciation to our valued customers as well as our business associates, suppliers and stakeholders for their continued support. I also wish to record my sincere appreciation to my fellow Board members, the management team and employees for their ongoing dedication and invaluable contribution to the Group over the years.

THAMVUIVUN
Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS

Teck Guan Perdana Group is a palm oil and cocoa producer which involved the following business activities:

- Sale of plantation produce
- Sale of crude palm kernel oil
- Sale of palm kernel expeller
- Trading of palm oil related products
- Sale of cocoa products
- Sale of dried cocoa beans

A. Group Financial Review

The Group's revenue and profit before tax for the financial year ended 31 January 2017 at RM377.31 million and RM15.29 million were higher than the last financial year by 79.19% and 24.31% respectively mainly attributed by favourable palm oil products segment. During the financial year, palm oil products segment reported a higher operating profit of RM16.27 million from RM13.31 million in the last financial year was mainly attributed by the increase in average selling price and sales volume. Cocoa products segment's contribution of RM0.19 million to the operating profit of the Group remained insignificant.

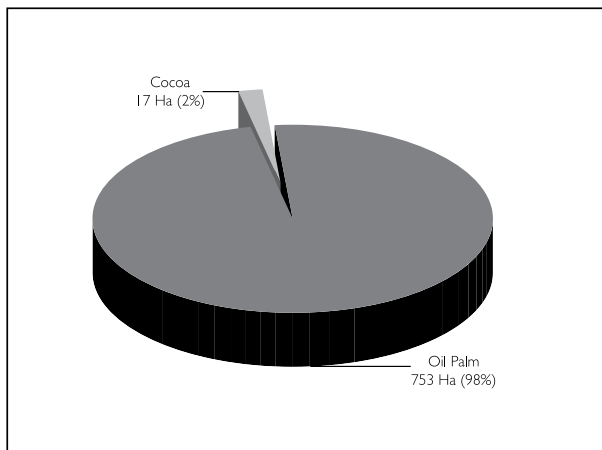
Consequently, Group profit after tax for the financial year ended 31 January 2017 at RM11.98 million was higher than the last financial year by 44.16%. The improvement in profit was also contributed by favorable foreign exchange recognised. As the major portion of the Group's revenue was denominated in USD, the weakening of Ringgit Malaysia against USD supplemented with proper hedging covered on exchange rates exposure had resulted in higher foreign exchange gain of RM3.10 million as compared to a loss of RM2.59 million in the last financial year.

The Group's operations are mainly affected by seasonal crop production, climatic conditions and fluctuating commodity prices. Despite the relatively low fresh fruit bunches yield during the financial year, the palm oil products segment performed satisfactorily, supported by the prevailing high crude palm oil, crude palm kernel oil and palm kernel prices.

Looking forward into year 2017, the Management expects the weakness in exchange rate for Ringgit Malaysia may still persist due to the current uncertainty in local economic environment. Contribution from cocoa products segment is expected to contribute positively to the Group as the segment is currently enjoying positive margin. Overall, the Group expects its operating performance for FY2018 to be satisfactory.

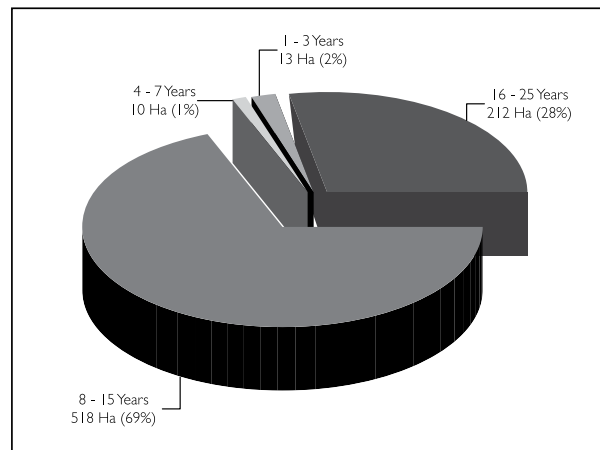
B. Group Business Review - Oil Palm And Cocoa Plantations

CROP MIX



Total Planted Area - 770 Ha

OIL PALM HECTARAGE BY AGE

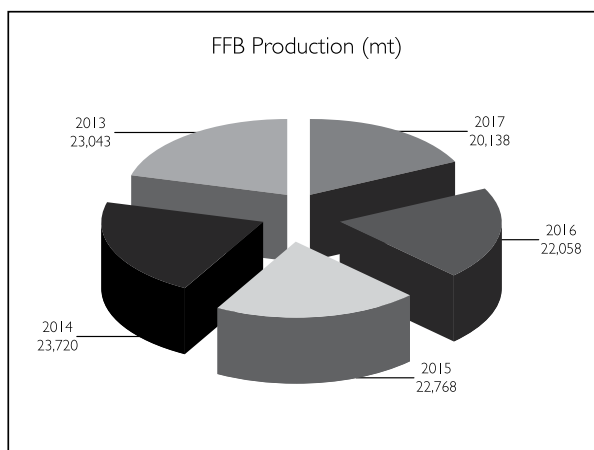
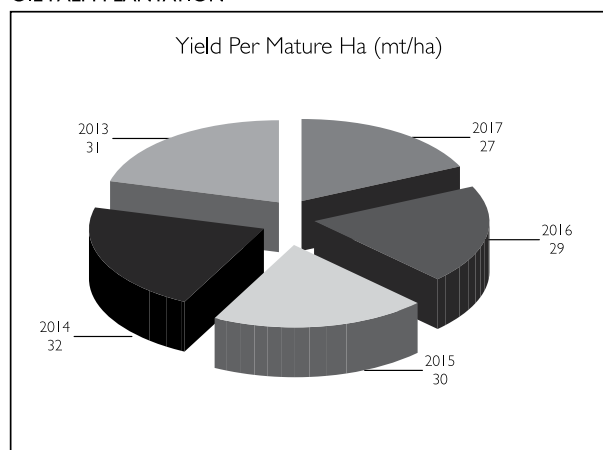


Total Oil Palm Planted Area - 753 Ha

MANAGEMENT DISCUSSIONS AND ANALYSIS

B. Group Business Review - Oil Palm And Cocoa Plantations

OIL PALM PLANTATION



PLANTATION STATISTICS

Area Statement

	Unit	FY2017	FY2016	FY2015	FY2014	FY2013
Oil Palm Area						
Mature	Hectare	740	754	754	753	743
Immature	Hectare	13	13	-	-	10
Total	Hectare	753	767	754	753	753
Cocoa Area						
Mature	Hectare	17	17	28	28	28
Immature	Hectare	-	-	-	-	-
Total	Hectare	17	17	28	28	28
Total Planted Area	Hectare	770	784	782	781	781
Total Unplanted, Buildings and Infrastructure Areas	Hectare	57	43	45	46	46
Total Area	Hectare	827	827	827	827	827

MANAGEMENT DISCUSSIONS AND ANALYSIS

Crop Statement

	Unit	FY2017	FY2016	FY2015	FY2014	FY2013
Oil Palm						
FFB Production	Tonne	20,138	22,058	22,768	23,720	23,043
Yield Per Mature Hectare	Tonne	27.23	29.26	30.20	31.50	31.03
Average Selling Price	RM/Tonne	547	416	469	434	503
Cocoa						
Cocoa Beans Production	Tonne	1	4	5	7	10
Yield Per Mature Hectare	Tonne	0.09	0.22	0.19	0.25	0.36
Average Selling Price	RM/Tonne	8,164	8,978	8,745	6,201	6,907

As at 31 January 2017, the Group's total planted area owned by subsidiary companies stood at 770 hectares. Approximately 97.80% of the planted area owned by subsidiary companies are planted with oil palm. The Group has 5 estates and total oil palm planted area as at the end of the financial year stood at 753 hectares. Approximately 83.71% of the Group's oil palm and cocoa plantation holdings are located at Tawau, Sabah, and the remaining of 16.29% at Lahad Datu, Sabah. The Group's plantation produce are principally processed by palm oil mills owned by the related companies.

For the year under review, almost all oil palm and cocoa planted areas have attained maturity. The Group's estates produced a total of 20,138 MT of FFB which was about 8.70% lower than the previous year mainly due to lower yield. FFB yield had dropped to 27.23 MT as compared to 29.26 MT in last financial year. The Group's FFB yield was not significantly affected by El Nino phenomenon primarily due to plantation lands situated at the volcanic soil and water catchment areas. Average FFB selling price in current financial year of RM547 per MT is about 31.49% higher than the last financial year.

The Board is cautiously optimistic on the prospects of the plantation industry and the plantation segment is expected to perform satisfactorily. Management will continue to focus on the cost efficiency and yield management in 2017.

MANAGEMENT DISCUSSIONS AND ANALYSIS

C. Group Business Review - Resource-Based Manufacturing

I. Operation of Palm Kernel Crushing Plant and Trading of Palm Oil Related Products

	Unit	FY2017	FY2016	FY2015	FY2014	FY2013
Production						
Crude Palm Kernel Oil	Tonne	36,484	37,870	43,239	37,643	39,346
Palm Kernel Expeller	Tonne	39,607	42,176	47,502	41,210	42,709
Extraction Rates						
Crude Palm Kernel Oil	%	46.41	46.02	45.99	46.02	46.17
Palm Kernel Expeller	%	50.38	51.26	50.53	50.38	50.12
Average Selling Price (Per Tonne)						
Crude Palm Kernel Oil	RM	5,074	3,581	3,571	2,672	3,264
Palm Kernel Expeller	RM	397	333	423	473	407
Palm Oil Related Products	RM	4,156	3,674	3,525	2,655	-

The Group owns one kernel crushing plant located at Tawau, Sabah. It has crushing capacity of 13,000 MT/Month. The crushing plant is strategically located along the shipping routes with direct port access facility.

This crushing plant produces crude palm kernel oil and palm kernel expeller mainly for export market. With the Group's integrated business model, the crushing plant plays an important role in the supply chain.

The Group's crushing production has not been affected by the slowing economy. Extraction rate of crude palm kernel oil has improved to 46.41% as compared to last financial year at 46.02%. Positive margin had been recorded for crushing operation throughout the financial year due to increase in average selling price and favourable foreign exchange recognised.

The overall financial performance for the operation of kernel crushing plant and trading of palm products in financial year 2017 was reasonably encouraging despite the challenging external environment on palm oil market. For the coming year, the palm oil market is expected to remain challenging with vulnerable exchange rates and unstable commodity prices. However, Management is cautiously optimistic on the prospects of the palm oil industry and continue its management effort to mitigate these risks to ensure the Group remains competitive and to be resilient in the face of adversity.

MANAGEMENT DISCUSSIONS AND ANALYSIS

2. Manufacturing and Trading of Cocoa Products

	Unit	FY2017	FY2016	FY2015	FY2014	FY2013
Average Selling Price (Per Tonne)						
Cocoa Products	RM	11,694	10,826	8,939	10,861	9,977
Chocolate Products	RM	13,294	12,115	7,501	8,325	7,985
Dried Cocoa Beans	RM	9,166	10,033	9,771	7,706	6,330
Sales Volume						
Cocoa Products	Tonne	664	598	632	706	1,688
Chocolate Products	Tonne	143	147	146	135	134
Dried Cocoa Beans	Tonne	4	34	59	109	63

Cocoa products' contribution of 2.58% to the revenue of the Group is insignificant.

During the financial year, the Group continued to market and ship cocoa products to overseas and local buyers. Exports of the cocoa products were mainly delivered to Jordan, Lebanon, Karachi, India, and China.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Teck Guan Perdana Berhad is committed to excellence in corporate governance standards at all times in conducting the business affairs of the Group with integrity, accountability and transparency which are key components to building a sustainable business. These will protect and enhance shareholders' investment and value and the financial performance of the Group. This Corporate Governance statement provides information about the Company's corporate governance practices during the financial year. The Board is pleased to report on how the Company and the Group have applied the principles and the extent of compliance with the Recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") issued by the Securities Commission.

PRINCIPLE 1

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

"The responsibility of the board, which should set out in a board charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings"

I.1 Clear Function of the Board and Management

Board Composition

During the financial year, the Board has four (4) members comprising an Independent Non- Executive Chairman, a Managing Director and two (2) Independent Non-Executive Directors.

The composition reflects more than one-third of its members who are independent. The present Board composition separates the positions of Chairman who is an Independent Non-Executive Director and Managing Director as recommended by the Code. The Board is made up of Directors who are qualified and well experienced in various fields including engineering, agriculture and accountancy. The Board will continue to monitor and review the Board size and composition as may be needed.

The profiles of the member of the Board are set out in the section on "Profiles of Directors and Key Senior Management" of this Annual Report.

Board Committees

The Board, in discharging its fiduciary duties, is assisted by the following Board Committees:

- a. Audit Committee (see the section on "Audit Committee Report" of this Annual Report)
- b. Nomination Committee (see para 2.1 below for further details)
- c. Remuneration Committee (see para 2.3 below for further details)
- d. Risk Management Committee (see para 6.1 below for further details)

These Committees operate within specific terms of reference that were drawn up in accordance with best practices in the Code and function principally to assist the Board in the execution of its duties and responsibilities. The respective Committees' terms of reference are appended to the Board Charter which is available on the Company's website at www.teckguan.com/tgp.

The Board retains full responsibility for the direction and control of the Group as the ultimate responsibility for decision making lies with the Board, notwithstanding the delegation of specific powers.

I.2 Clear Roles and Responsibilities of the Board

The Board collectively takes full responsibility for the oversight, the overall management and performance of the Group by setting the strategic direction and objectives and by directing the policies, strategic action plans and stewardship of the Group's resources.

The Board, at its meetings, reviews business financial results, risk management initiatives, oversees the implementation and effectiveness of internal control systems as well as enforces the compliance of legal and statutory requirements within the Group.

CORPORATE GOVERNANCE STATEMENT

1.2 Clear Roles and Responsibilities of the Board (continued)

There is a clear distinction between the roles and responsibilities of the Board, Chairman and Managing Director. The positions of Chairman and Managing Director are held by different individuals, and the Chairman is an independent non-executive member of the Board.

The responsibilities of the Chairman include leading the Board in the oversight of management and play a crucial leadership role in ensuring that the Board works effectively as a whole.

The Managing Director focuses on the business and day-to-day management of the Company and Group with all powers, discretions and delegations authorised from time to time by the Board. He is primarily responsible for the implementation of the Board's policies and decisions overseeing the Group's operations and developing the Group's business strategies.

The management is responsible for the execution of activities to meet corporate plans as well as instituting various measures to ensure due compliance with various governing legislations.

The Independent Non-Executive Directors are independent of management and have no relationship that could materially interfere with the exercise of their independent judgement. The Independent Non-Executive Directors are actively involved in various Board committees. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

1.3 Code of Conducts and Ethics

The Board has adopted a Code of Ethics and Conduct for the Company, which covers a wide range of business practices and procedures. The Code of Ethics and Conduct describes the standards or business conduct and ethical behavior for the Directors, officers and employees of the Company in the performance and exercise of their responsibilities and ensure accountability. The Code of Ethics and Conduct requires all employees and Directors to observe high ethical business standards, honesty and integrity and act in good faith in the best interest of the Company and its shareholders. In it, it also provide an avenue for employees and Directors who act in good faith and has reasonable grounds to raise concerns, without fear of reprisal on any ethics related issues.

1.4 Promoting Sustainability

The Board is conscious of the need for business sustainability within the environmental, social and governance context and is committed to operating in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. Fuller details are presented in the section on "Corporate Responsibility" of this Annual Report.

1.5 Access to Information and Advice

The Board has full and timely access to information concerning the Company and the Group. The Board is provided with the relevant agenda and board papers in sufficient time for their review and facilitate informed decision making. However, materials on certain items which are sensitive in nature are distributed only during the respective meetings. Minutes of the Board meetings are maintained by the Company Secretary and circulated to all members of the Board.

The Board has unrestricted access to all information within the Company including access to the advice of Company Secretary and other senior management with the Group, whether as a full board or in their individual capacity, which is necessary for discharge of its responsibilities and may obtain independent professional advice at the Company's expense in furtherance of their duties.

CORPORATE GOVERNANCE STATEMENT

1.6 Qualified and Competent Secretary

The Board has ready and unrestricted access to the advice and services of the Company Secretary who is suitably qualified under Section 235(2) of the Companies Act, 2016. The Board is satisfied with the competency, performance and support rendered by the Company Secretary, who play a vital role in advising the Board on corporate governance matters, ensuring the effective functioning of the Board and applicable statutory and regulatory requirements are complied with.

The Company Secretary ensure that all Board and Board Committees deliberations and resolutions are properly and accurately minuted and regularly updates the Board during meetings and via emails, on any development in corporate governance and any changes to the statutory and regulatory requirements and the resultant implications on such changes to the Company and Directors in relation to their duties and responsibilities.

1.7 Board Charter

The Board has adopted a Board Charter which provides guiding principles for the Board to achieve the objectives of the Company and serves as a reference point for the Board's activities. In the Board Charter, the Board has an established clear functions reserved for the Board and those delegated to the Management, setting out the Board's strategic intent and outlines the Board's role and responsibilities, providing insights and guidance to the Board and Management concerning their roles and responsibilities.

The details of the Board Charter are published in the Company's website at www.teckguan.com/tgp.

PRINCIPLE 2

STRENGTHEN COMPOSITION

"The board should have transparent policies and procedures that will assist in the selection of board members. The board should comprise members who bring value to board deliberations"

2.1 Nomination Committee

The Board has established a Nomination Committee on 31 March 2003, consisting of no less than three (3) members and all members of the Committee must be Independent Non-Executive Directors of the Company.

The principal objectives of the Nomination Committee which is in line with its Terms of Reference are:

- Recommend to the Board, candidates for appointment to the Board and/or Board Committees;
- Assess the effectiveness of the Board, Board Committees and contribution of each Director;
- Review the size and composition of the Board as well as the Board Committees;
- Review the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting and recommend the same for re-appointment/re-election by shareholders.

The members of the Nomination Committee during the financial year and the number of meeting held during the financial year together with the detail of attendance of each committee member are as follows:

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr. Tham Vui Yun	Chairman	1	1	100%
Mr. Fung Hiuk Bing	Member	1	1	100%
Mr. Wong Peng Mun	Member	1	1	100%

There were no changes to the composition of Committee's members as at the date of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

2.1 Nomination Committee (continued)

In the discharge of its duties for the financial year under review, the Nomination Committee had performed the following key activities:

- Has carried out a self assessment on the Nomination Committee and reported its results to the Board for further evaluation;
- Reviewed the Audit Committee's performance and assessment on the Audit Committee's effectiveness and reported its findings to the Board for further deliberation.
- Reviewed each Directors, including the Managing Director (Chief Executive Officer), to assess the character, experience, integrity and competence of the individual directors to discharge his role as a director or chief executive, as well as the Committee of the Board, thorough a comprehensive assessment system based on recommended best practices/criteria and facilitated by the Secretary, where the results are deliberated upon and reported to the Board accordingly;
- Reviewed and assessed the independence of the Independent Directors and reported its findings to the Board for deliberation;
- Discussed the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting of the Company and has recommended to the Board to seek shareholders' approval for the re-election of Mr:Tham VuiVun and Mr: Fung Hiuk Bing who retire in accordance with the Articles of Association of the Company.

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

Appointment Process

The Board through the Nomination Committee's annual appraisal, believe the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Nomination Committee is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. The Nomination Committee in considering such recommendation shall first evaluate the balance and composition including mix of skills, independence, experience and diversity (including gender diversity) of the Board.

In making recommendation of suitable candidates, the Nomination Committee shall consider the following :

- i. Skills, knowledge, expertise and experience;
- ii. Time commitment and contribution;
- iii. Honesty, integrity, professional conduct and business ethics/practices;
- iv. Number of directorship in other companies and other external obligations which may affect his/her commitment; and
- v. For position of independent non-executive directors, the candidate shall be evaluated at minimum, with reference to the definition of "Independent Director" as stipulated by the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

The decision as to who should be appointed is the responsibility of the full Board after considering the recommendation of the Nomination Committee. The Company Secretary will ensure that all appointments are properly made; all necessary information is obtained as well as all legal and regulatory obligations are met. The Nomination Committee shall ensure all new directors participate in the board induction and training programmes as stipulated by the MMLR.

Re-election of Directors

Any Director appointed during the year is required under the Company's Article of Association to retire and seek re-election by the shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Articles also require one-third of the Directors including the Managing Director to retire by rotation and seek re-election at each AGM and that each Director are to retire from office at least once in three years but shall be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT

2.2 Develop, maintain and review criteria for recruitment processes and annual assessment of Directors (continued)

Re-election of Directors (continued)

The performance of those Directors who are subject to re-appointment and re-election at the forthcoming AGM are assessed by the Nomination Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-appointment and re-election of the Directors concerned for shareholders' approval.

The directors to retire from office and eligible for re-election at the forthcoming AGM are Mr.Tham Vui Vun and Mr. Fung Hiuk Bing.

Board Evaluation

The Board regularly evaluates its performance and the governance processes that support the Board's work with aim of improving individual contributions, effectiveness of the Board and its committees and the Group's performance.

The effectiveness of the Board is assessed in terms of composition, governance, skills and competencies, duties and responsibilities. The evaluation process also involves self and peer review, where the Directors will assess their own performance and that of their fellow Directors.

The evaluation activities undertaken by the Nomination Committee during the financial year are stated in Para 2.1 above.

In respect of the assessment for the financial year under review, the Board was satisfied that the Board, the Audit Committee and the Nomination Committee have discharged their duties and responsibilities effectively. The Board was also satisfied that the board composition in terms of size, balance between Executive, Non-Executive and Independent Directors and mix of skills was adequate.

Board Diversity

The Board acknowledges the need to enhance Board diversity, as it is essential to the functioning of the Board and indicates good governance practices.

The Board believes that candidature to the Board should be based on the candidate's merit, qualification and experience. At present the Company has no female member on its Board and the Board will consider female representation in the Board in due course to bring about a more diverse perspective.

2.3 Remuneration Policies And Procedures

Remuneration Committee

The Board has established a Remuneration Committee on 31 March 2003, consisting of no less than three (3) members and all members of the Committee must be Independent Non-Executive Directors of the Company.

The principal function of the Remuneration Committee which is in line with its Terms of Reference is to assist the Board in their responsibilities in assessing the remuneration packages of each individual Director, both Executive and Non-Executive.

The Remuneration Committee reviews and assesses the remuneration packages of the directors in all forms, with or without other independent professional advice or outside advice. The Committee is responsible for making recommendations to the Board on the appropriate remuneration packages and benefits based on their acquired skills, technical knowledge, capabilities and experience of the new nominees (if any) and in addition, the contribution and performance of the current Directors. Individual director play no part in deciding their own remunerations. Directors' fees are review by the Committee for determination by the Board subject to approval from shareholders at the Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT

2.3 Remuneration Policies And Procedures (continued)

Remuneration Committee (continued)

The members of the Remuneration Committee during the financial year and the number of meeting held during the financial year together with the detail of attendance of each committee member are as follows :

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr.Tham Vui Vun	Chairman	1	1	100%
Mr. Fung Hiuk Bing	Member	1	1	100%
Mr.Wong Peng Mun	Member	1	1	100%

There were no changes to the composition of Committee's members as at the date of this Annual Report.

During the financial year under review, the Remuneration Committee had met once with the purpose of reviewing the present remuneration package of the Managing Director and the Directors' fee. The Committee had recommended to the Board for an increase in Directors' fees for the next financial year ending 31 January 2018 and the Board had put forward the resolution for such increase for the shareholders approval in the forthcoming Annual General Meeting of the Company.

PRINCIPLE 3

REINFORCE INDEPENDENCE

"The board should have policies and procedures to ensure effectiveness of independent directors"

3.1 Annual Assessment Of Directors' Independence

The Board recognised the importance of independence and objectivity in the decision-making process. The Independent Directors bring their respective knowledge and experience and provide independent and objective judgement in the best interest of the Company and this mitigates risk arising from conflict of interest or undue influence from interested parties.

The Board through the Nomination Committee assesses the Independent Directors annually where the evaluation took into account the individual Director's ability to exercise judgement at all times and that such Director continue to comply with the definition of "Independent Director" as stipulated in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad. The Board, through the assessment carried out by the Nomination Committee was satisfied that all the Independent Non-Executive Directors remained objective and independent.

3.2 Tenure Of Independent Directors

The Board notes the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative terms of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9-year limit subject to his re-designation as a Non-Independent Non-Executive Director. In event the Board intends to retain such Director to be Independent Non-Executive Director, the Board shall justify the decision and seek shareholders' approval.

Save for Mr.Tham Vui Vun (further detail in para 3.3 below), Mr. Fung Hiuk Bing and Mr.Wong Peng Mun have not exceeded the cumulative term of nine (9) years as at the date of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

3.3 Retaining Independent Director Who Has Served In That Capacity For More Than Nine Years

The Board believes that a Director' independence cannot be determined solely based on the tenure of service as the tenure of service does not interfere with their exercise of judgement and ability to act in the best interest of the Company. The Board may in appropriate case and subject to the assessment of the Nomination Committee, retain an Independent Director who has served a cumulative terms of nine (9) years to continue to service as Independent Director subject to shareholders' approval.

Mr.Tham Vui Vun is an Independent Non-Executive Director of the Company who has served the Company for more than nine years. In line with the Code, the Nomination Committee has assessed the independence of Mr.Tham Vui Vun as defined in MMLR, has not been compromised all these while. In fact, he has been bringing his independent and objective judgment to the board deliberations and decision making process. He has devoted sufficient time and attention to his responsibility and exercise due care in the interest of the Company and shareholders during his tenure as Independent Non-Executive Director. The length of his service does not interfere with his ability and exercise of independent judgement as an Independent Director. To that, the Board recommends Mr.Tham Vui Vun to continue his office as an Independent Non-Executive Director once he is re-elected according to the respective resolution put forth in the forthcoming Annual General Meeting.

3.4 Separation of Position of the Chairman and Managing Director

The positions of Chairman and Managing Director are held by two different individuals and the post of Chairman is held by a non-executive member of the Board, are in line with the recommendation of the Code. The distinct and separate roles of the Chairman and Managing Director promote accountability and facilitate division of responsibilities between them. The Managing Director focuses on the day-to-day operations and management of the Group while the Independent Non-Executive Chairman leads the Board in oversight of management.

3.5 Board Composition

The present Board composition is in compliance with the Code's recommendation that the Chairman is an Independent Non-Executive Director. The Independent Non-Executive Directors provide check and balance for the effective functioning of the Board.

PRINCIPLE 4

FOSTER COMMITMENT

"Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills"

4.1 Time Commitment and Directorship in Other Companies

Board Meetings

The Board meets on a quarterly basis with additional meetings convened as and when urgent and important decisions needs to be taken between the scheduled meetings with sufficient notice. Upon invitation, management's representatives would be present at the Board meetings to provide additional insight into matters to be discussed during the Board meetings.

The agenda for each Board meeting is circulated to all Directors for their perusal prior to convening of each meeting to enable the Directors to obtain further clarifications prior to the meeting to ensure smooth proceeding of each meeting. The proceedings, deliberations and resolutions reached at each Board meeting are minuted and signed by the Chairman of the meeting. Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through circulation of Directors' Resolutions, which are supported with sufficient information required to make an informed decision.

CORPORATE GOVERNANCE STATEMENT

4.1 Time Commitment and Directorship in Other Companies (continued)

Board Meetings (continued)

The Board held a total of five (5) meetings during the financial year and the details of each Director's attendance at Board meetings are found in the section on "Profiles of Directors and Key Senior Management" of this Annual Report. All Directors have attended more than 50% of the total Board meetings held during the year. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

Directorship in Other Companies

The Directors must notify the Board in a timely fashion before accepting an invitation to serve on the board of another public company taking into consideration any actual or apparent conflicts of interest and impairments to independence as well as time and energy spent on the new appointment.

None of the Directors held any directorship in other public companies or listed corporation at present and throughout the financial year. The Directors are in compliance with the provision of the MMLR on the restriction of not holding more than five directorships in listed corporations.

4.2 Directors' Training

All directors have attended the Mandatory Accreditation Program (MAP) organised by the Bursa Malaysia Securities Berhad. The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duty and responsibilities as Directors.

Datuk Hong Ngit Ming, the Managing Director has not attended any training courses due to work commitments during the financial year. Subsequent to the said financial year, he has attended a palm oil conference and a training program on the latest Companies Act, 2016 as of the date of this Annual Report.

During the financial year, with the exception of Datuk Hong Ngit Ming (as mentioned above), all the Directors attended seminars and conference on the following:

Mr. Tham Vui Yun

- Mastering MPERS: 2015 Updates, Principles and Implementation of MPERS and Impact of Updates (2 days event)
- Impact of GST on Financial Accounting and Corporate Income Tax (2 days event)
- Mastering the GST Implications for Business Transaction, Tax Code Applications, and Preparation for GST Audit (1 day event)
- National Tax Conference 2016 (2 day events)
- GST Audits and Investigations (1 day event)
- Companies Bill 2015: A Snapshot of Changes (1 day event)
- Seminar Percukaian Kebangsaan 2016 (1 day event)
- 2017 Budget Seminar (1 day event)

Mr. Fung Hiuk Bing

- Mastering MPERS: 2015 Updates, Principles and Implementation of MPERS and Impact of Updates (2 days event)
- SSM Sabah Seminar 2016: The Companies Bill 2015 & Interest Schemes Bill 2015 (1 day event)
- When GST Risk Meets GST Audit (1 day event)
- GST Strategies in Construction Industry (1 day event)
- Latest Malaysia GST Development & Practical GST Accounting (1 day event)
- Mastering MPERS Fully Illustrated: Translation of the Standard into Practical Examples, and Impact of 2015 Updates (2 days event)
- Seminar Percukaian Kebangsaan 2016 (1 day event)

Mr. Wong Peng Mun

- SSM Sabah Seminar 2016: The Companies Bill 2015 & Interest Schemes Bill 2015 (1 day event)

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 5

UPHOLD INTEGRITY IN FINANCIAL REPORTING

"The board should ensure financial statements are a reliable source of information"

5.1 Compliance with Applicable Financial Reporting Standards

The Board aims to present a balanced and understandable assessment of the Group's financial performance and prospects, primarily through the presentation of annual audited financial statements and the unaudited quarterly financial results announced to the shareholders.

The Audit Committee assists the Board by reviewing the information to be disclosed in the financial statements, to ensure completeness, accuracy, adequacy and compliance with applicable financial reporting standards. The composition and summary of work of the Audit Committee during the financial year is presented in the section on "Audit Committee Report" of this Annual Report.

In addition, the Board is required under the MMLR to provide a statement explaining the Directors' responsibilities for preparing the annual audited financial statements which can be found in the section on "Statement of Directors' Responsibilities in respect of the Audited Financial Statements" of this Annual Report.

5.2 Assessment of Suitability and Independence of External Auditors

Through the Audit Committee, the Company has established an appropriate and transparent relationship with the Group's external auditors. The external auditors of the Company fulfill an essential role on behalf of the Company in giving assurance to the shareholders and others, of the reliability of the financial statements of the Company.

From time to time, the external auditors highlighted to the Audit Committee on matters that requires the Board's attention. The Company maintains a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with applicable approved financial reporting standards in Malaysia.

Key features underlying the relationship of the Audit Committee and the external auditors are set out in the section on "Audit Committee Report" of this Annual Report.

The Audit Committee has also obtained a written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements. The Audit Committee has evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees. The Board had noted that the external auditors had expressed their willingness to continue in office for the ensuing year and having reviewed the suitability and independence of the external auditors, the Board recommend the re-appointment of the external auditors to the shareholders at the forthcoming Annual General Meeting.

PRINCIPLE 6

RECOGNISE AND MANAGE RISK

"The Board should establish a sound risk management framework and internal controls system"

6.1 Sound Framework to Manage Risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policies, and overseeing the Company's strategic risk management and internal control framework.

The Board through the Audit Committee and the Risk Management Committee reviews the key risks identified on a regular basis to ensure proper management of risks and measure taken to mitigate any weakness in the control environment.

CORPORATE GOVERNANCE STATEMENT

6.1 Sound Framework to Manage Risks (continued)

The Board is required under the MMLR to provide a statement about the state of risk management and internal control of the Group, which has been reviewed by the external auditors, is presented under the section on "Statement on Risk Management and Internal Control" of this Annual Report.

Risk Management Committee

The Board has established a Risk Management Committee on 23 December 2003, consisting of no less than three (3) members and all members of the Committee must be Independent Non-Executive Directors of the Company.

The principal function of the Risk Management Committee which is in line with its Terms of Reference is to assist the Board in their responsibilities in identifying, evaluate and manage significant risks faced by the Group.

The members of the Risk Management Committee during the financial year and the number of meeting held during the financial year together with the detail of attendance of each committee member are as follows:

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr. Fung Hiuk Bing	Chairman	1	1	100%
Mr. Tham Vui Vun	Member	1	1	100%
Mr. Wong Peng Mun	Member	1	1	100%

There were no changes to the composition of Committee's members as at the date of this Annual Report.

During the financial year, the Committee met to discuss the structural approach in identifying and managing significant risks and the resource requirement toward the facilitation of risk monitoring system.

6.2 Internal Audit Function

The Group has in place an in-house internal audit department which is independent of the activities that it audits. The internal audit department is provided with sufficient resources to carry out its audit work. The head of the internal audit department, who is adequately qualified, reports directly to the Audit Committee. The risk based internal audit plan that comprises internal audit coverage and scope of work are presented to the Audit Committee for approval annually. Internal audit reports encompassing audit findings together with recommendations are presented to the Audit Committee during its quarterly meetings.

PRINCIPLE 7

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

"Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosures"

7.1 Corporate Disclosure Policy

The Company is committed to provide shareholders and investors with comprehensive, accurate and quality information on a timely and even basis. Timely and complete disclosure of material information is critical towards building and maintaining corporate credibility, investor trust and confidence. This policy establishes procedures to ensure that Directors and employees are aware of the Company's disclosure obligations and procedures, and have accountability for the Company's compliance with those obligations. The policy applies to all Company's Directors, management, officers and employees of the Group.

CORPORATE GOVERNANCE STATEMENT

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company maintains a corporate website at www.teckguan.com/tgp where shareholders and members of the public are invited to access the latest information of the Company. Alternatively, they may obtain the Company's latest annual reports and announcements via the Bursa Malaysia website at www.bursamalaysia.com. Information are disseminated via the Company's annual reports, quarterly financial reports, circulars to shareholders and various announcements made from time to time.

PRINCIPLE 8

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

"The board should facilitate the exercise of ownership rights by shareholders"

8.1 Shareholders Participation at General Meetings

General meetings of the Company represent the principal forum for dialogue between shareholders and the Company. Shareholders are encouraged to attend and participate at these meetings.

In an effort to encourage greater shareholders' participation at general meeting, the Board takes cognisance in serving longer than the required minimum notice for general meeting, where possible. To further promote participation of the members, the Chairman of the meeting will brief the members, corporate representatives or proxies present at the meeting of their rights to speak and vote on the resolutions set forth in the general meeting.

The shareholders are given the opportunity to seek clarification on any matters pertaining to the business and financial performance of the Company. The Board endeavors to ensure that all Board members, the Chief Financial Officer and the external auditors are present at the Company's Annual General Meetings to answer questions raised at the meeting. Extraordinary General Meetings are held as and when required and if necessary, the financial advisors will also be present to attend to shareholders' queries at the meeting.

8.2 Voting by Poll

Pursuant to MMLR, any resolution set out in the notice of any general meetings, or in any notice or resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll for all general meetings from 1 July 2016 onwards. Hence, voting for all resolutions set out in the forthcoming and future general meetings will be conducted as such. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

The Board is cognisants of the advantages of poll voting and electronic voting at general meetings to ensure the accuracy, transparency and efficiency of the voting process and the outcomes at general meetings. Going forward, the Board will consider the electronic voting should the need arise.

8.3 Communication with Shareholders and Investors

The Board acknowledges the need for shareholders to be informed on all material business developments affecting the Group's state of affairs. To ensure shareholders and investors are well informed, information are disseminated through various disclosures and announcement to Bursa Malaysia Securities Berhad. This includes timely release of quarterly financial results on the Group's performance and operations. The circulation of the Company's annual reports and relevant announcements made through Bursa Malaysia Securities Berhad and the Company's website are currently the primary means of communication between the Company, its shareholders and the general public.

CORPORATE GOVERNANCE STATEMENT

8.3 Communication with Shareholders and Investors (continued)

Any queries or concerns with regards to the Group may be addressed to the following person(s):

Tham Vui Yun, Chairman and Independent Non-Executive Director
Tel No: 6089-762062
Fax No: 6089-767062

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

The Board recognises the importance of good corporate governance towards long term sustainability of the Group. To this end, the Board always strives to adopt the principles and recommendations promoted by the Code. Save as disclosed within this Annual Report, the Group has, and will continue to apply the principles and recommendations as set out in the Code where practical and appropriate.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Directors are pleased to present the Audit Committee Report of the Company in respect of the financial year ended 31 January 2017.

CONSTITUTION, COMPOSITION AND MEETINGS

The Board has established an Audit Committee on 15 June 1996, and the composition of the Audit Committee has complied with the requirements and/or restrictions on its memberships as stated in its charter and in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"):

- The Committee members are appointed from amongst its directors by the Board;
- The Committee shall consist of no less than three (3) members and all members of the Committee must be non-executive directors, with a majority being independent directors;
- The Committee shall consist of at least one (1) member who is a member of Malaysian Institute of Accountants or complied with the conditions stipulated in the MMLR or as prescribed or approved by Bursa Malaysia;
- No alternate director of the Board shall be appointed as a member of the Committee;
- The Committee shall elect a chairman from amongst its member who is an independent director.

The members of the Audit Committee during the financial year and the number of meeting held during the financial year together with the detail of attendance of each committee member are as follows:

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr.Tham Vui Vun (MIA 3667*)	Chairman	5	5	100%
Mr. Fung Hiuk Bing (MIA 11342*)	Member	5	5	100%
Mr.Wong Peng Mun	Member	5	5	100%

* denotes the membership number of the Malaysian Institute of Accountants

There were no changes to the composition of the Committee's members as at the date of this Annual Report.

OBJECTIVE, POWERS AND DUTIES

The principle objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities and overall responsibilities of the Group's activities, primarily to provide oversight of the financial reporting process, the audit process, the system of internal controls, corporate governance matters and compliance with laws and regulations.

The Committee has the authority to investigate any matters within its terms of reference and shall report to the Board on matters considered and any recommendations thereof. It shall have the necessary resources to perform its duties and have the unrestricted access to any information of the Group and direct communication channel with internal auditors and external auditors, discretion to invite any directors and employees of the Group to attend its meetings and is able to obtain independent professional advice.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactory resolved resulting in a breach of MMLR, the Committee has a duty to report such matter to Bursa Malaysia.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE

1. Oversight of the Financial Reporting Process

During the financial year, the Audit Committee has discussed and reviewed the:

- Unaudited Interim Financial Statements for each quarter ended during the financial year; and
- The Audited Annual Financial Statements.

In the review of such Financial Statements, the Audit Committee had focused on the following key areas:

- Any changes in major accounting policies implemented and/or adopted;
- Compliance with accounting standards and other legal requirements;
- Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transaction and how these matters are addressed, if any;
- Any significant adjustment arising from audit; and
- The going concern assumption

The Audit Committee had carried out the review of the Interim and Annual Financial Statements on a timely basis and make recommendation to the Board for approval of the said Financial Statements. The Audit Committee had also noted that the Financial Statements were released within the time stipulated in the MMLR.

2. Oversight of the External Audit Function

The Audit Committee had reviewed with the external auditors, their audit plan prior to commencement of audit for the financial year, outlining the audit scope, methodology and timetable, audit materiality, area of focus, fraud considerations and risk of management override and also the new and revised auditor reporting standard in particular any key audit matters that need to be disclosed.

The Audit Committee had reviewed the external audit reports, discussed and considered the audit findings and management response thereto. It also had met with the external auditor twice (in accordance with its terms of reference) in the financial year without the presence of the management to discuss privately on any audit issues concerning the Group.

It had evaluated the performance of the external auditors covering areas such as the quality of audit team, adequacy of resources, the skills and knowledge including knowledge of the business and industry in which the Group operates, their demonstration of objectivity and independence throughout the audit as well as the level of audit and non-audit fees of the external auditors.

The Audit Committee having been satisfied with the suitability and independence of the external auditors had recommended to the Board to seek shareholders approval at the forthcoming Annual General Meeting to re-appoint the external auditors, Messrs Ernst & Young, for the ensuing financial year audit.

3. Oversight of Internal Audit Function

During the financial year under review, the Audit Committee had reviewed and approved the Internal Audit Plan prepared by Internal Auditors for the financial year to ensure there is adequate scope, sufficient coverage over the activities of the Group and the resources are adequate and available to perform the audit activities for each audit cycle.

The audit work conducted by the Internal Auditors (as disclosed herein below under the heading "Summary of Work of the Internal Audit Function") were reviewed by the Audit Committee on a quarterly basis through meetings held with the Internal Auditors and management to discuss and consider the internal audit reports, the internal audit findings and recommendations to improve weaknesses or non-compliance, the management responses thereto and sought updates from the Internal Auditors on the status of implementation of post-audit recommendations which has been agreed by the management or the Board.

AUDIT COMMITTEE REPORT

3. Oversight of Internal Audit Function (continued)

The Audit Committee has also carried out an annual assessment of the internal audit function, obtained the annual confirmation of independence from the head of internal audit department and has held a private meeting with the head of internal audit to discuss any audit issues without the presence of management.

The Audit Committee having evaluated the performance of the internal audit function in areas of the scope, functions, competency, independence, resources, communication and reporting process is satisfied with the adequacy and effectiveness of the internal audit function of the Company.

4 Other Oversight Activities

4.1 Related Party Transactions

The Audit Committee reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group and ensured that such transactions are at arms length's basis and considered whether such transactions will require the necessary announcement and shareholders' approval.

During the year financial year the Audit Committee reviewed the related party transactions and adequacy of the Group's procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.

It had reviewed the draft circular to shareholders in relation to the proposed renewal of mandate for Recurrent Related Party Transactions and recommended the same for Board approval.

4.2 Annual Report

The Audit Committee reviewed and recommended the "Audit Committee Report" and the "Statement on Risk Management and Internal Control" in respect of the financial year ended 31 January 2017 to the Board for consideration and approval for inclusion in the Annual Report.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

In discharging the Audit Committee's duties and responsibilities, the Audit Committee is supported by an in-house, adequately resourced internal audit department which is independent of the activities that it audits. The cost incurred for the internal audit function in respect of the financial year under review amounted to RM75,000.

The Audit Committee has full access to the in-house Internal Auditors and has received reports at each quarterly meeting on audit performed during the financial year on the following areas:

- Comparison of prices of purchase of palm kernels from related companies ,sales of fresh fruit bunches and sales of crude palm kernel oil to related companies;
- Comparison of actual recurrent related party transactions against those transactions which are comprised in the Mandate approved by shareholders of the Group to ensure established procedures are strictly followed and adhered to including any variations of 10% of more;
- Oil palm field operation audit for manuring, harvesting, bunch chit, pruning and census operation focusing on compliance with the Group's set of procedures and guidelines; and
- Independent report on fixed assets verification and physical stock take carried out during the financial year and as at the end of the financial year.

During the financial year, the Internal Auditors has also submitted the annual Internal Audit Plan to the Audit Committee for review and approval. In addition, the Internal Auditors has reported to the Audit committee, the progress of the audit and any significant changes compared to the Internal Audit Plan. The Internal Auditors has also conducted self-assessment on the internal audit department and submitted its result to the Audit Committee for deliberation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") of Teck Guan Perdana Berhad is pleased to provide the following Statement on Risk Management and Internal Control ("the Statement") pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad which outlines the nature and state of risk management and internal control of the Group for the financial year ended 31 January 2017. This is in accordance with the guidelines as contained in the publication "Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers". The external auditors have reviewed this Statement as required under paragraph 15.23 of the MMLR and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal control system of the Group.

Board Responsibilities

The Board affirms its overall responsibility for the establishment of the Group's system of internal control and risk management practices and the review of its adequacy and integrity. The system of risk management and internal control will serve as a framework for identifying, evaluating and managing business risks faced by the Group and will assist the Group to achieve its corporate objectives. Because of the limitations that are inherent in any system of risk management and internal control, the Board recognises that the Group's system of risk management and internal control is a concerted and continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. However, this system only provides a reasonable but not absolute assurance against material errors, fraud or loss.

Risk Management Framework

The Board recognises risk management as an integral part of business operations. The risk management framework with its appropriate controls help to identify, evaluate and mitigate such risks faced by the Group. The Group has set up a Risk Management Committee which evaluates business risk profile and formulates action plans. The Risk Management Committee will review and submit recommendations to the Board for action to ensure adequacy and effectiveness of the system of risk management and internal control.

Internal Control System

Some key aspects of the Group's system of internal control are as follows:-

- The Audit Committee monitors the effectiveness of the entire Group's system of internal control. Audit Committee comprises all non-executive directors, majority of whom are independent and holds regular meetings throughout the financial year. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. Members have full and unrestricted access to both the internal and external auditors during the financial year.
- Audit Committee reviews and approves the yearly Audit Plan;
- Audit Committee members are briefed and updated on the matters of corporate governance practice, legal and regulatory matters. The Internal Audit Department reports directly to the Audit Committee on internal control issues identified. The Audit Committee then reports to the Board on the findings and makes recommendations on possible action plans to improve and tighten the system of internal control of the Group;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Some key aspects of the Group's system of internal control are as follows:- (continued)

- Regular meetings are held to assess performance and controls on all areas of operations with recommendations for improvements;
- Clear lines of responsibilities and appropriate authority levels are in place for the Management and operating units including matters requiring Board's approval. Key functions within the group such as Sales and Marketing, Finance and Procurement are appropriately staffed by qualified staff in achieving business objectives;
- Regular and comprehensive information provided to the Management and the Board, encompassing financial and operational performance for monitoring and decision making. The Finance and Accounts Department adheres closely to the monthly closing and reporting period, timely transaction recording, full compliance to acceptable reporting standards, and ensuring proper cash flow and capital requirements;
- Purchasing procedures are documented and monitored;
- A set of documented internal policies and procedures in relation to matters on human resource is distributed to various sections for their execution and monitoring; and
- The quarterly financial results and yearly audited financial statements are reviewed by the Audit Committee prior to their approval by the Board.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

A number of minor internal control weakness was identified during the year, all of which has been or is being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclose in the Annual Report. The Board has received assurance from the Managing Director and the Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system in place for the whole financial year under review with regular review by the Board, is satisfactory and no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT
OF THE AUDITED FINANCIAL STATEMENTS**

The Board of Directors is required under Paragraph 15.26 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring the financial statements for the year ended 31 January 2017 are drawn up in accordance with the provisions of the Companies Act 2016, the applicable Financial Reporting Standards in Malaysia and Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of accounting year and the results and cash flows for the year then ended.

The Directors consider that, in preparing those financial statements, the Group and Company have used appropriate accounting policies and applied them consistently and make judgement and estimates that are reasonable and prudent. The Directors also confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 2016 and applicable approved accounting standards in Malaysia.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

The Board has also ensured that the quarterly and annual financial statements of the Group and Company are released to the Bursa Malaysia Securities Berhad in a timely manner in order to keep our investing public informed of the Group's latest development.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees incurred by the Company and the Group for services rendered by the external auditors for the financial year under review are as follows:

	Company (RM)	Group (RM)
Audit Fees	41,000	85,000
Non-Audit Fees	4,800	11,050

2. DIRECTORS' REMUNERATION

The Directors' remuneration is to attract and retain Directors of the caliber needed to run the Group successfully. Presently, the fees of Directors, including Non-Executive Directors, are endorsed by the Board for approval by the shareholders of the company at the Annual General Meeting.

The details of remuneration of the Directors of the Company for the financial year under review are set out in Note 10 to the Financial Statements of this Annual report disclosing the following information, distinguishing between executive and non-executive directors:-

- The aggregate remuneration received from the Company and Group respectively, categorised into appropriate components; and
- The number of directors whose remuneration falls in each successive band of Ringgit Malaysia fifty thousand.

The Board is of the opinion that disclosure of remuneration by appropriate components and bands is adequate to meet the objectives of the Code.

3. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

During the financial year under review, save as disclosed in para 4 herein below on "Recurrent Related Party Transactions of Revenue Nature", the Company and its subsidiaries do not have any material contracts involving the interests of its Directors and major shareholders. There were no contracts relating to loans entered by the Company and its subsidiaries involving the directors and major shareholders' interests.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

At the last Annual General Meeting of the Company held on 24 June 2016, the Company had obtained a Mandate from its shareholders to allow the Group to enter into recurrent related party transactions of revenue or trading nature.

In accordance with Section 3.15 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year under review are set out in Note 26 to the Financial Statements of this Annual Report, disclosing the type of recurrent related party transactions, the parties involved and the relationship with the Company.

5. EMPLOYEE SHARE SCHEME

There was no Employee Share Scheme implemented by the Company during the financial year.

6. UTILISATION OF PROCEEDS

The Company did not raise any fund through any corporate proposal during the financial year.

CORPORATE RESPONSIBILITY

The Group recognises the significance of corporate responsibility towards the Group's continuous and long term sustainability. The Group is committed to ensure ethical conduct of its business activities while striving to maximise the returns' to the shareholders. The Board's governance structure is set out in the section on "Corporate Governance Statement" of this Annual Report.

The Group is dedicated to continuously improve its corporate responsibility initiatives and hence, will review and monitor its corporate responsibility policies from time to time to identify areas for enhancement that provide value to the marketplace and our people including benefit to community at large as well as protecting the environment for our future generations.

The Group's corporate responsibility policies and initiatives encompass four (4) core areas:

Workplace

The Group believes that dedicated, loyal and competent workforce is paramount to the success of the Group's operations and business activities. As such, the Group places great emphasis in:

- Offering reasonable remuneration package and staff welfare to the employees to reward their contributions, and ensuring that all relevant labour and employment legislative and regulatory requirements are complied with;
- Creating safe and conducive working environment for our employees to cultivate sense of belonging and to minimise the occurrence of accidents and health hazards;
- Providing training and development opportunities to the employees to enhance their knowledge, skills and capabilities, where necessary and appropriate;
- Providing good housing and amenities for both staff and estate workers; and
- Provide medical benefits and insurance cover to our workers.

Marketplace

The Group places great emphasis on the quality of all products produced and are committed towards ensuring a consistent and reliable supply that meet the customers' expectations. Proper quality inspection is conducted prior to delivery to ensure that the products delivered are of good quality. The Group maintains active and constructive communication with the customers and suppliers as they are the essential business associates that contribute to long term sustainability of the Group.

Environment

The Group is committed to seek continuous improvements and enhancements in its business operations to minimise any negative impacts on the environment. To this end, the Group always strives to ensure that its business operations and activities are conducted in compliance with all relevant and applicable rules, regulations, directives and guidelines in relation to environmental protection. Some measures in place are:

- Upgrading road system and drainage with regular maintenance;
- Minimizing chemical usage on oil palm areas where necessary; and
- Install and operate environment protection measures as required in guidelines provided by Environment Protection Department (EPD);

Community

During the financial year under review, in view of the challenging economic conditions and business environment, the Group was obliged to concentrate on the action plans to enhance the financial performance and position and accordingly, has not participated in community events and charitable activities.

Notwithstanding that, the Group remains an advocate of corporate responsibilities towards the well-being of the community and society. The Group will from time to time identify the appropriate opportunities and initiatives for contribution to the community and society.

ANALYSIS OF SHAREHOLDINGS

AS AT 19 APRIL 2017

Total Number Of Issued Shares : 40,096,902
 Issued Share Capital : RM40,096,902
 Class Of Shares : Ordinary
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size Of Holdings	No. of Holders	%	No. of Holders	%
Less Than 100	5	0.38	19	0.00
100 - 1,000	177	13.42	130,301	0.32
1,001 - 10,000	938	71.11	3,575,100	8.92
10,001 - 100,000	178	13.50	5,269,100	13.14
100,001 - 2,004,844 (less than 5% of issued shares)	20	1.52	7,145,400	17.82
≥2,004,845 (5% and above of issued shares)	1	0.07	23,976,982	59.80
Total	1,319	100.00	40,096,902	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
HTG Holdings Sdn Bhd	23,976,982	59.80	2,001,200*	4.99

* Deemed interested by virtue of shares held by Teck Guan Development (Sabah) Sdn Bhd, a subsidiary of HTG Holdings Sdn Bhd.

DIRECTORS' SHAREHOLDING IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Hong Ngit Ming	-	-	25,978,182*	64.79
Tham Vui Yun	-	-	-	-
Wong Peng Mun	-	-	-	-
Fung Hiuk Blng	-	-	-	-

* Deemed interested by virtue of his indirect interests in shares (direct and indirect) held by HTG Holdings Sdn Bhd, its holding company.

DIRECTORS' SHAREHOLDING IN ITS RELATED COMPANY (HTG HOLDINGS SDN BHD)

Name of Directors	10% Cumulative Preference Shares			
	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Hong Ngit Ming	100,000	17.30	-	-
Tham Vui Yun	-	-	-	-
Wong Peng Mun	-	-	-	-
Fung Hiuk Blng	-	-	-	-

Note: The Directors of the Company do not hold any ordinary shares in HTG Holdings Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name	No. of Shares	%
1.	HTG Holdings Sdn Bhd	23,976,982	59.80
2.	Teck Guan Development (Sabah) Sdn Bhd	2,001,200	4.99
3.	Tan Ah Lim	1,042,000	2.60
4.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeong Sing Ong	817,800	2.04
5.	Chew Thing Hue	410,500	1.02
6.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Phea Keat	321,800	0.80
7.	Chew Lim Cheong @ Hong Thiam Soon	300,000	0.75
8.	Choo Sai Hooi	270,000	0.67
9.	Chor King Chun	263,000	0.66
10.	Tan Jin Tuan	214,500	0.53
11.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeong Sing Ong	205,800	0.51
12.	Te Kim Leng	200,000	0.50
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chor King Chun	149,000	0.37
14.	Chong Thin Tuck	138,000	0.34
15.	Tan Ah Tee	126,700	0.32
16.	Jimmy Pang Kia Lock	126,300	0.31
17.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ho Yit Fatt	120,000	0.30
18.	UOBM Nominees (Asing) Sdn Bhd CBP Quilvest Trust Ltd for The Sipadan Trust	120,000	0.30
19.	Tan Kim Huat & Sons Motor Sdn Berhad	110,000	0.27
20.	Hong Kim Eng	108,000	0.27
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gim Leong	100,800	0.25
22.	Hong Ying Ying	100,000	0.25
23.	Tan Kim Huat & Sons Holdings Sdn Bhd	100,000	0.25
24.	Teoh Hock Soon	100,000	0.25
25.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Retnarasa A/L Annarasa	99,000	0.25
26.	Hong Peck Joo	95,000	0.24
27.	Siaw Teck Hwa	94,900	0.24
28.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chey Yow Choi	93,100	0.23
29.	Pang Chung Tat	91,900	0.23
30.	Hong Lee Fen	90,000	0.22
	Total	31,986,282	79.77

LIST OF PROPERTIES

AS AT 31 JANUARY 2017

Item No.	Location	Tenure	Land Area/ Build up Area sq.m	Existing use/ Description	Net Book Value As At 31-Jan-17 RM	Age of Building	Tenure of Leasehold Land	Method of Valuation/ Open Market Value/ (Date of Revaluation) by Independent Valuer
1.	CL 105312703 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 28.02.2058)	4,028,645	Cocoa and Oil Palm Estate	34,825,879	22	41	Land - Comparison Method Land : RM9,693,026 (Jan 2017) PDE - Investment Method PDE : RM26,504,551 (May 2015)
2.	CL 105334996 Brantian, Merotai Rd. Tawau, Sabah.	Leasehold (expiring on 31.12.2072)	1,211,629	Oil Palm Estate	8,547,783	-	55	Land - Comparison Method Land : RM3,435,245 (Jan 2017) PDE - Investment Method PDE : RM6,199,000 (May 2015)
3.	CL 105339099 Brantian, Merotai Rd. Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	400,234	Oil Palm Estate	2,422,845	-	56	Land - Comparison Method Land : RM1,134,755 (Jan 2017) PDE - Investment Method PDE : RM1,502,000 (May 2015)
4.	CL 105347493 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2069)	81,261	Cocoa and Oil Palm Estate	695,482	-	52	Land - Comparison Method Land : RM195,516 (Jan 2017) PDE - Investment Method PDE : RM526,145 (May 2015)
5.	CL 105354050 Balung Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	653,567	Oil Palm Estate	5,160,870	-	56	Land - Comparison Method Land : RM2,790,000 (Jan 2017) PDE - Investment Method PDE : RM3,263,000 (May 2015)
6.	CL 105436299 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2079)	16,147	Cocoa and Oil Palm Estate	163,587	-	62	Land - Comparison Method Land : RM38,850 (Jan 2017) PDE - Investment Method PDE : RM131,536 (May 2015)
7.	CL 245316849 (105316848/old) Tingkayu, Lahad Datu/Tawau, Sabah.	Leasehold (expiring on 31.12.2071)	1,216,485	Cocoa and Oil Palm Estate	10,540,292	3	54	Land - Comparison Method Land : RM2,977,217 (Jan 2017) PDE - Investment Method PDE : RM8,364,000 (May 2015)
8.	CL 105368607 Sebatik Island Tawau, Sabah.	Leasehold (expiring on 31.12.2078)	513,951	Oil Palm Estate	3,009,876	-	61	Land - Comparison Method Land : RM444,000 (May 2015) PDE - Investment Method PDE : RM2,768,000 (May 2015)
9.	CL 105339071 Mile 2 ½ Tanjung Batu Laut Tawau, Sabah	Leasehold (expiring on 08.10.2902)	25,617/ 9,834	Cocoa processing factory and office	12,887,281	22	885	Land - Comparison Method Land : RM7,540,000 (May 2015) Building - Depreciated Replacement Cost Method Building : RM15,630,000 (May 2015)
10.	CL 105339053 Mile 2 ½ Tanjung Batu Laut Tawau, Sabah	Leasehold (expiring on 08.10.2902)	19,627/ 3,973	Cocoa processing factory and office	7,627,597	39	885	Land - Comparison Method Land : RM5,760,000 (May 2015) Building - Depreciated Replacement Cost Method Building : RM2,090,000 (May 2015)

* PDE denotes Plantation Development Expenditure

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DIRECTOR'S REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative services to its subsidiaries.

The principal activities of the subsidiaries are the processing and sale of cocoa butter, cocoa powder and other cocoa products, export of trading produce and crude palm kernel oil and the operation of kernel crushing plant, oil palm and cocoa plantations.

Results

	Group RM	Company RM
Profit/(loss) net of tax	<u>11,980,214</u>	<u>(4,404,931)</u>
Profit/(loss) attributable to: Owners of the Company	<u>11,980,214</u>	<u>(4,404,931)</u>

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

In the opinion of the directors, 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.

Dividends

There were no dividends paid, declared or recommended since the end of the previous financial year.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Hong Ngit Ming – Managing director
Tham Vui Vun – Chairman and independent non-executive director
Wong Peng Mun
Fung Hiuk Bing
Tang Amiy @ Tang Ah Mei (resigned on 4 March 2016)

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above are:

Ng Liong @ Ng Leong Yen
Mapahita Bin Tahir

DIRECTOR'S REPORT

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, except as disclosed in Note 26 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Number of ordinary shares of RM1 each 1.2.2016 and 31.1.2017	
The Company	
Indirect interest: Datuk Hong Ngit Ming	25,978,182

Number of 10% cumulative preference shares of RM1 each 1.2.2016 and 31.1.2017	
Holding company - HTG Holdings Sdn. Bhd.	
Indirect interest: Datuk Hong Ngit Ming	100,000

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.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
 - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
 - the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

DIRECTOR'S REPORT

- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or 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.
- (f) In the opinion of the directors:
 - (i) no contingent 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 or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Holding company

The holding company of the Company is HTG Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration is disclosed in Note 8 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 May 2017.

Datuk Hong Ngit Ming

Tham Vui Yun

STATEMENT BY DIRECTORS

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

We, **Datuk Hong Ngit Ming** and **Tham Vui Yun**, being two of the directors of **Teck Guan Perdana Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 53 to 113 are drawn up in accordance with 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 January 2017 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 32 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 May 2017.

Datuk Hong Ngit Ming

Tham Vui Yun

STATUTORY DECLARATION

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

I, **Chong Nyet Wui**, being the officer primarily responsible for the financial management of **Teck Guan Perdana Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 114 are in my opinion 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 above named **Chong Nyet Wui**
at Tawau in the State of Sabah
on 24 May 2017

Chong Nyet Wui

Before me,

Datuk James E. L. Pang
Ref. JP. 80/07
MAJAPS No.39
Justice of Peace
Sabah, Malaysia

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Teck Guan Perdana Berhad, which comprise the statements of financial position as at 31 January 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 113.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2017, and of their financial performance and their cash flows for the year then ended in accordance with 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 audit 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Valuation of land and buildings

Refer to Note 13 to the financial statements.

Land and buildings make up 28% of the total assets of the Group as at 31 January 2017. Land and buildings (excluding plantation infrastructure and other infrastructure) are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated depreciation and impairment losses. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Given the size and that the fair value of the land and buildings depends to a large extent on estimates, we addressed this as a key audit matter.

The values of land and buildings are being measured by independent professional valuers. The fair values of land and buildings were determined using the market comparable method and depreciated replacement cost method respectively.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

Our audit work includes understanding the work of the external valuer and evaluate the quality and the objectivity of the valuation process. Amongst others, we have considered the objectivity, independence and expertise of the external valuers. We also evaluated the appropriateness of the information and assumptions used as input in the valuation models by corroborating the valuer's work, testing the source data and reviewing the valuer's reports and conclusions.

We also assessed the appropriateness of the disclosures including fair value hierarchy in Note 27(a) to the financial statements.

Valuation of biological assets

Refer to Note 14 to the financial statements.

Biological assets make up 23% of the total assets of the Group as at 31 January 2017. Biological assets are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated amortisation and impairment losses. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Given the size and that the fair value of the biological assets depends to a large extent on estimates, we addressed this as a key audit matter:

The value of biological assets is being measured by independent professional valuers. The fair value of biological assets is determined using the discounted cash flows method. These valuations are based on, among other things, assumptions, such as yields, long term average price, production costs, economic life and discount rate.

Our audit work includes understanding the work of the external valuer and evaluate the quality and the objectivity of the valuation process. Amongst other, we have considered the objectivity, independence and expertise of the external valuers. We also evaluated the appropriateness of the information and assumptions used as input in the valuation models by corroborating the valuer's work, testing the source data and reviewing the valuer's reports and conclusions. We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return to investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the Group expects to derive.

We also assessed the appropriateness of the disclosures including fair value hierarchy in Note 27(a) to the financial statements.

Recognition of related party transactions, including revenue recognition

62% of the Group's current year revenue from the sale of crude palm kernel oil, oil palm fresh fruit bunches, chocolate products and cocoa powder, and a significant amount of its purchase of palm kernel incurred relate to transactions with related parties. These include the sale of crude palm kernel oil to Teck Guan (China) Ltd, which is part of HTG Holdings Sdn. Bhd., the Company's holding company. There is a risk that, if not at arm's length or not reflecting the goods or services provided in the period, such transactions could be used to manipulate earnings or to distribute profits to the Company's holding company.

We evaluated the appropriateness of management's process for identifying and recording related party transactions. We read contracts and agreements with related parties to understand the nature of the transactions. Throughout the performance of our audit procedures, we remained alert for any related party transactions outside the normal course of business.

With respect to revenue recognition our procedures included:

- We reviewed the basis for the selling prices negotiated between the Group and Teck Guan (China) Ltd for the current year;
- We evaluated the appropriateness of the accounting for the pricing terms in sales contracts;
- On a sample basis we performed testing to support physical deliveries of products in the year; and
- We performed revenue cut-off testing.

Lastly, we verified that related party disclosures in the financial statements in Note 26 to the financial statements are consistent with the results of our audit procedures.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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 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.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

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 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.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

Other reporting responsibilities

The supplementary information set out in Note 32 on page 114 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Tawau, Malaysia
24 May 2017

Chong Ket Vui, Dusun
02944/01/2019(J)
Chartered Accountant

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	377,311,078	210,572,520	756,000	756,000
Cost of sales	5	(348,679,267)	(180,051,464)	(1,030,093)	(1,015,207)
Gross profit/(loss)		28,631,811	30,521,056	(274,093)	(259,207)
Other item of income					
Other operating income	6	4,672,392	2,265,984	449,238	3,328,891
Other items of expense					
Administrative expenses		(16,066,125)	(16,890,045)	(217,873)	(185,867)
Other expenses		-	(2,622,385)	(2,230,760)	(39,363,473)
Finance costs	7	(1,950,372)	(979,433)	(2,125,770)	(1,773,204)
Profit/(loss) before tax	8	15,287,706	12,295,177	(4,399,258)	(38,252,860)
Income tax expense	11	(3,307,492)	(3,986,749)	(5,673)	(544,974)
Profit/(loss) net of tax		11,980,214	8,308,428	(4,404,931)	(38,797,834)
Other comprehensive income					
Other comprehensive income not to be reclassified to profit or loss in subsequent previous (net or tax):					
Revaluation of land, buildings and biological assets		-	7,532,387	-	-
Other comprehensive income for the year, net of tax		-	7,532,387	-	-
Total comprehensive income/(loss) for the year		11,980,214	15,840,815	(4,404,931)	(38,797,834)
Profit/(loss) attributable to:					
Owner of the Company		11,980,214	8,308,428	(4,404,931)	(38,797,834)
Total comprehensive income/(loss) attributable to:					
Owner of the Company		11,980,214	15,840,815	(4,404,931)	(38,797,834)
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	29.88	20.72		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 January 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Assets					
Non-current assets					
Property, plant and equipment	13	53,681,723	55,981,466	6	6
Biological assets	14	44,881,220	48,985,206	-	-
Investment in subsidiaries	15	-	-	30,064,430	30,064,430
Deferred tax assets	16	4,704	4,704	4,704	4,704
		98,567,647	104,971,376	30,069,140	30,069,140
Current assets					
Inventories	17	54,456,311	38,001,925	-	-
Trade and other receivables	18	11,023,284	6,263,511	3,629,143	3,519,336
Cash and bank balances	19	24,082,171	19,279,182	390,824	523,085
Derivatives	20	34,924	-	-	-
Tax recoverable		58,913	-	58,913	-
		89,655,603	63,544,618	4,078,880	4,042,421
Total assets		188,223,250	168,515,994	34,148,020	34,111,561
Equity and liabilities					
Current liabilities					
Loans and borrowings	21	51,902,779	46,184,009	-	-
Trade and other payables	22	14,862,156	10,441,224	33,191,324	28,319,899
Income tax payable		1,074,540	2,167,022	-	430,035
		67,839,475	58,792,255	33,191,324	28,749,934
Net current assets/(liabilities)		21,816,128	4,752,363	(29,112,444)	(24,707,513)
Non-current liability					
Deferred tax liabilities	16	17,468,691	18,788,869	-	-
Total liabilities		85,308,166	77,581,124	33,191,324	28,749,934
Net assets		102,915,084	90,934,870	956,696	5,361,627
Equity attributable to owners of the Company					
Share capital	23	40,096,902	40,096,902	40,096,902	40,096,902
Share premium		7,000	7,000	7,000	7,000
Asset revaluation reserve	24	54,522,163	57,663,540	-	-
Retained earnings/ (accumulated losses)		8,289,019	(6,832,572)	(39,147,206)	(34,742,275)
Total equity		102,915,084	90,934,870	956,696	5,361,627
Total equity and liabilities		188,223,250	168,515,994	34,148,020	34,111,561

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2017

← Attributable to owners of the company →
← Non-distributable →

Group	Equity, total	Share capital	Share premium	Asset revaluation reserve	(Accumulated losses)/ distributable retained earnings
	RM	RM	RM	RM	RM
Opening balance at 1 February 2016	90,934,870	40,096,902	7,000	57,663,540	(6,832,572)
Profit net of tax, representing total comprehensive income for the year	11,980,214	-	-	-	11,980,214
Asset revaluation realised upon depreciation charged	-	-	-	(3,141,377)	3,141,377
Closing balance at 31 January 2017	102,915,084	40,096,902	7,000	54,522,163	8,289,019
Opening balance at 1 February 2015	75,094,055	40,096,902	7,000	52,286,476	(17,296,323)
Profit net of tax,	8,308,428	-	-	-	8,308,428
Other comprehensive income	7,532,387	-	-	7,532,387	-
Total comprehensive income for the year	15,840,815	-	-	7,532,387	8,308,428
Asset revaluation realised upon depreciation charged	-	-	-	(2,155,323)	2,155,323
Closing balance at 31 January 2016	90,934,870	40,096,902	7,000	57,663,540	(6,832,572)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2017

← Non-distributable →

	Equity, total	Share capital	Share premium	(Accumulated losses)/ distributable retained earnings
	(Note 23)			
Company	RM	RM	RM	RM
Opening balance at 1 February 2016	5,361,627	40,096,902	7,000	(34,742,275)
Loss net of tax, representing total comprehensive loss of the year	(4,404,931)	-	-	(4,404,931)
Closing balance at 31 January 2017	956,696	40,096,902	7,000	(39,147,206)
Opening balance at 1 February 2015	44,159,461	40,096,902	7,000	4,055,559
Loss net of tax, representing total comprehensive loss of the year	(38,797,834)	-	-	(38,797,834)
Closing balance at 31 January 2016	5,361,627	40,096,902	7,000	(34,742,275)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Operating activities					
Profit/(loss) before tax		15,287,706	12,295,177	(4,399,258)	(38,252,860)
<u>Adjustments for:</u>					
Amortisation of biological assets	8	4,150,620	2,831,144	-	-
Gain on disposal of property, plant and equipment	6	(15,999)	(463,533)	-	-
Depreciation of property, plant and equipment	8	2,067,606	1,985,145	-	-
Property, plant and equipment written off	8	215,818	90	-	-
Impairment loss on property, plant and equipment	8	170,090	43,170	-	-
Impairment loss on amount due from a subsidiary	8	-	-	-	39,363,473
Impairment loss on investment in subsidiaries	8	-	-	2,230,760	-
Interest expense	7	1,950,372	979,433	2,125,770	1,773,204
Interest income	6	(411,312)	(328,447)	(449,227)	(3,313,941)
Inventories written down	8	95,616	987,430	-	-
Net fair value gain on forward currency contracts	6	(34,924)	(702,200)	-	-
Net unrealised (gain)/loss on foreign exchange	8	(928,772)	3,552,037	-	-
Total adjustments		7,259,115	8,884,269	3,907,303	37,822,736
Operating cash flows before changes in working capital		22,546,821	21,179,446	(491,955)	(430,124)
<u>Changes in working capital:</u>					
Inventories		(16,550,002)	(18,385,269)	-	-
Trade and other receivables		(4,767,462)	22,050,681	(2,340,567)	8,216,467
Trade and other payables		4,420,932	(30,103,317)	4,871,425	(8,832,724)
Total changes in working capital		(16,896,532)	(26,437,905)	2,530,858	(616,257)
Cash flows generated from/(used in) operations		5,650,289	(5,258,459)	2,038,903	(1,046,381)
Interest paid		(1,950,372)	(979,433)	(2,125,770)	(1,773,204)
Interest received		411,312	328,447	449,227	3,313,941
Income tax paid		(5,779,065)	(3,449,817)	(494,621)	(148,275)
Net cash flows (used in)/generated from operating activities		(1,667,836)	(9,359,262)	(132,261)	346,081

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONTINUED)

For the year ended 31 January 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Investing activities					
Proceeds from disposal of property, plant and equipment		16,000	557,200	-	-
Acquisition of property, plant and equipment	13	(153,772)	(387,457)	-	-
Acquisition of biological assets	14	(46,634)	(40,256)	-	-
Net cash flows (used in)/ generated from investing activities		(184,406)	129,487	-	-
Financing activities					
Drawdown of letter of credit		63,841,872	35,043,245	-	-
Repayment of letter of credit		(70,614,301)	(47,872,587)	-	-
Proceeds from bankers' acceptances		175,175,000	66,993,000	-	-
Repayment of bankers' acceptances		(152,693,000)	(41,034,000)	-	-
Repayment of term loan		(9,695,069)	(11,020,200)	-	-
Net cash flows generated from financing activities		6,014,502	2,109,458	-	-
Net increase/(decrease) in cash and cash equivalents		4,162,260	(7,120,317)	(132,261)	346,081
Effect of exchange rate changes on cash and cash equivalents		936,461	(1,735,230)	-	-
Cash and cash equivalents at beginning of year		18,624,671	27,480,218	523,085	177,004
Cash and cash equivalents at end of year	19	23,723,392	18,624,671	390,824	523,085

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2017

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

The principal activities of the Company are investment holding and the provision of administrative services to its subsidiaries. The principal activities of the subsidiaries are the processing and sale of cocoa butter, cocoa powder and other cocoa products, export of trading produce and crude palm kernel oil and the operation of kernel crushing plant, oil palm and cocoa plantations.

The holding company is HTG Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the requirements of the Companies Act, 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 February 2016 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise indicated in this summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 February 2016, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 February 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 101: Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 14: Regulatory Deferral Accounts	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 11 require that a joint operator which acquires an interest in joint operations which constitute a business to apply the relevant FRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments do not have any impact on the Group's consolidated financial statements as there has been no interest acquired in a joint operation during the year.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. These amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiative

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

FRS 14: Regulatory Deferral Accounts

FRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of FRS. Entities that adopt FRS 14 must present the regulatory deferral accounts as separate line items on the statements of financial position and present movements in the account balances as separate line items in the statement of comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing FRS preparer, this standard does not apply.

Annual Improvements to FRSs 2012–2014 Cycle

The Annual Improvements to FRSs 2012-2014 Cycle include a number of amendments to various FRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

Standards	Descriptions
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	<p>The amendment to FRS 5 clarifies that changing from one disposal method to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in FRS 5.</p> <p>The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is applied prospectively.</p>
FRS 7 Financial Instruments: Disclosures	<p>The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in FRS 7 in order to assess whether the disclosures are required.</p> <p>In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.</p>
FRS 119 Employee Benefits	<p>The amendment to FRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
FRS 107 Disclosure Initiative (Amendments to FRS 107)	1 January 2017
FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)	1 January 2017
FRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)	1 January 2018
FRS 9 Financial Instruments	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

FRS 107 Disclosure Initiative (Amendments to FRS 107)

The amendments to FRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and on the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to FRS 2)

The amendments to FRS 2 address three main areas:

- (a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- (b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- (c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not expected to have any impact on the Group and on the Company.

FRS 9: Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141: Agriculture and IC Interpretation 15: Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. On 28 October 2015, MASB announced that adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

At the date of these financial statements, the Group and the Company have not completed their quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 January 2017 could be different if prepared under the MFRS Framework.

The new and amended standards (which are applicable upon adoption of MFRS Framework) that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below.

Description	Effective for annual periods beginning on or after
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 16: Leases	1 January 2019

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework) (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company plan to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.6 Foreign currency (continued)

(b) Foreign currency transactions

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2.7 Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Leasehold land and buildings (excluding plantation infrastructure and other infrastructure) are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offset an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the assets.

Leasehold land with an unexpired lease term of less than 50 years is classified as short term whilst those with unexpired lease terms in excess of 50 years are classified as long term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.7 Property, plant and equipment, and depreciation (continued)

Leasehold land is depreciated over the period of the respective leases. Construction work-in-progress is not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings and infrastructures	2% to 10%
Tractors and motor vehicles	20%
Plant and machinery	5% to 10%
Equipment, furniture and fixtures	10% to 20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Biological assets

All expenses incurred in land preparation, planting and developing of oil palm plantations up to maturity are capitalised as biological assets. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under biological assets until such time when the plantation attains maturity. All expenses subsequent to maturity are recognised in profit or loss. Oil palm planting expenditure incurred up to maturity is amortised over 25 years.

Biological assets are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated amortisation and impairment losses. The fair value of biological assets is determined by valuations performed by independent professional valuers using the discounted cash flow basis. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair value at the reporting date. Any revaluation surplus is credited to the asset revaluation reserve included within equity, except to the extent that it reverses an assets revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any asset revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Oil palm replanting expenditure is capitalised under biological assets in the year in which it is incurred until maturity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments

(a) Financial assets

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

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

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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 that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group and the Company have not designated any financial assets as available-for-sale financial assets.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or 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 and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(b) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other 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 and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor 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 and the Company'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 default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) 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 financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and 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.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(c) Financial liabilities

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

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(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 and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

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.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Inventories are valued on the weighted average method. The cost of raw materials comprises cost of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.

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.

2.14 Provisions

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

Provisions are reviewed at each reporting date 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.

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period 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.

2.16 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, 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 initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.17 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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 leave are recognised when the absences occur.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees' Provident Fund ("EPF").

2.18 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.19 Revenue recognition

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

(a) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and upon the transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Administrative fee

Administrative fee is recognised net of service taxes as and when the services are rendered.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term.

(d) Dividend income

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

(e) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.20 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

- Where the GST incurred in a purchase of assets or services is 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 expense item as applicable; and
- 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 part of other current assets or liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segments' performance. Additional disclosures on each of these segments are shown in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 Share capital and share issuance expenses

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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Derivative financial instruments

The Group uses derivative financial instruments such as forward currency contracts and commodity futures contracts to hedge its foreign currency risk and market price risk. Such derivative financial instruments are initially recognised at fair value on the date in which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.24 Fair value measurements

The Group and the Company measure financial instruments, such as, derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 27.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.24 Fair value measurements (continued)

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company'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.

3.1 Judgement made in applying accounting policies

There were no critical judgements made by management in the process of applying the Group's accounting policies which may have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting judgements and estimates (continued)

3.2 Key sources of estimation uncertainty

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

(a) Useful lives of property, plant and machinery

The cost of property, plant and machinery is depreciated on a straight-line basis over the assets' remaining useful lives. Leasehold land is depreciated over the period of the respective leases. Management estimates the useful lives of other assets to be between 10 to 50 years. These are common life expectancies applied in the cocoa and oil palm planting and processing industries. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset 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 debtor 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 amount of the Group's loans and receivable at the reporting date is disclosed in Note 18.

(c) Valuation of land, buildings and biological assets

The Group measures land, buildings and biological assets at revalued amounts with changes in fair value being recognized in other comprehensive income. The Group engaged independent valuation specialists to determine the fair value of the land, building and biological assets. Changes in the conditions of the land, building and biological assets could impact the market value of the assets. The carrying amount of the Group's land, buildings and biological assets at the reporting date are disclosed in Note 13 and 14 respectively.

(d) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The carrying amount of deferred tax assets of the Group and the unrecognised tax losses at the reporting date is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Revenue

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Sale of crude palm kernel oil	219,957,073	128,243,009	-	-
Sale of palm oil related products	119,600,569	47,953,316	-	-
Sale of palm kernel expeller	16,978,621	16,590,083	-	-
Sale of plantation produce	11,025,117	9,184,875	-	-
Sale of cocoa products	9,715,142	8,256,062	-	-
Sale of dried cocoa beans	34,556	345,175	-	-
Administrative fees from subsidiaries	-	-	756,000	756,000
	<u>377,311,078</u>	<u>210,572,520</u>	<u>756,000</u>	<u>756,000</u>

5. Cost of sales

Cost of goods sold	348,679,267	180,051,464	-	-
Cost of services rendered	-	-	1,030,093	1,015,207
	<u>348,679,267</u>	<u>180,051,464</u>	<u>1,030,093</u>	<u>1,015,207</u>

6. Other operating income

Interest income	411,312	328,447	449,227	3,313,941
Gain on disposal of property, plant and equipment	15,999	463,533	-	-
Realised gain on foreign exchange	2,166,858	34,294	-	-
Unrealised gain on foreign exchange	928,772	-	-	-
Rental income	171,000	171,000	-	-
Net fair value gain on forward currency contracts	34,924	702,200	-	-
Realised gain on commodity futures contracts	94,725	350,950	-	-
Miscellaneous	848,802	215,560	11	14,950
	<u>4,672,392</u>	<u>2,265,984</u>	<u>449,238</u>	<u>3,328,891</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Finance costs

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expense on:				
Bank overdrafts	1,965	7,155	50	-
Bankers' acceptances	1,822,206	588,823	-	-
Amounts due to related companies	-	5,116	2,125,720	1,773,204
Term loan and revolving credits	126,201	378,339	-	-
	<u>1,950,372</u>	<u>979,433</u>	<u>2,125,770</u>	<u>1,773,204</u>

8. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Employee benefits expense (Note 9)	5,816,310	5,391,009	956,095	925,335
Non-executive directors' remuneration (Note 10)	36,000	36,000	36,000	36,000
Amortisation of biological assets (Note 14)	4,150,620	2,831,144	-	-
Auditors' remuneration:				
- Statutory audits:				
- current year	80,000	71,000	39,000	35,000
- underprovision in previous years	5,000	2,000	2,000	1,000
- Other services	11,050	9,350	4,800	3,500
Depreciation of property, plant and equipment (Note 13)	2,067,606	1,985,145	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Profit/(loss) before tax (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Net (gain)/loss on foreign exchange:				
- realised	(2,166,858)	(963,947)	-	-
- unrealised	(928,772)	3,552,037	-	-
Impairment loss on property, plant and equipment (Note 13)	170,090	43,170	-	-
Property, plant and equipment written off	215,818	90	-	-
Inventories written down	95,616	987,430	-	-
Impairment loss on amount due from a subsidiary (Note 18(c))	-	-	-	39,363,473
Impairment loss on investment in subsidiaries (Note 15)	-	-	2,230,760	-
Rental expense:				
- equipment	84,060	69,776	9,900	7,500
- land and factory	2,193,288	2,193,280	-	-
- office	45,960	45,960	25,200	25,200

9. Employee benefits expense

Salaries, wages and allowances	5,369,445	5,017,232	851,221	829,904
Contributions to defined contribution plan	405,271	340,312	99,944	92,952
Social security contributions	41,594	33,465	4,930	2,479
	<u>5,816,310</u>	<u>5,391,009</u>	<u>956,095</u>	<u>925,335</u>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM221,523 (2016: RM274,116) and RM218,955 (2016: RM271,560) respectively as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
Salaries and other emoluments	183,732	248,544	181,332	246,144
Defined contribution plan	23,363	25,572	23,207	25,416
Bonus	14,120	-	14,120	-
Social security contribution	308	-	296	-
Total executive directors' remuneration (excluding benefits-in-kind)	221,523	274,116	218,955	271,560
Estimated monetary value of benefits-in-kind	-	16,096	-	16,096
Total executive directors' remuneration (including benefits-in-kind)	221,523	290,212	218,955	287,656
Non-executive:				
Fees (Note 8)	36,000	36,000	36,000	36,000
	257,523	326,212	254,955	323,656

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2017	2016
Executive directors:		
Less than RM50,000	1	-
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	1	1
Non-executive directors:		
Less than RM50,000	3	3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 January 2017 and 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	4,633,113	5,004,417	4,151	540,035
- (Over)/underprovision in respect of previous years	(5,443)	35,271	1,522	4,939
	<u>4,627,670</u>	<u>5,039,688</u>	<u>5,673</u>	<u>544,974</u>
Deferred income tax (Note 16):				
Origination and reversal of temporary differences	(1,381,525)	(791,812)	-	-
(Over)/underprovision in respect of previous years	61,347	(261,127)	-	-
	<u>(1,320,178)</u>	<u>(1,052,939)</u>	<u>-</u>	<u>-</u>
Income tax expense recognised in profit or loss	<u>3,307,492</u>	<u>3,986,749</u>	<u>5,673</u>	<u>544,974</u>
Deferred tax related to other comprehensive income (Note 16):				
- Net adjustment on revaluation of land and buildings and biological assets	-	2,378,649	-	-
	<u>-</u>	<u>2,378,649</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Income tax expense (continued)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 January 2017 and 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Accounting profit/(loss) before tax	15,287,706	12,295,177	(4,399,258)	(38,252,860)
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	3,669,049	2,950,842	(1,055,822)	(9,180,686)
Adjustments:				
Non-deductible expenses	572,827	1,470,942	1,059,976	9,720,721
Income not subject to tax	(944,453)	(16,127)	(3)	-
Utilisation of previously unrecognised tax losses	(45,835)	(193,052)	-	-
(Over)/underprovision of income tax in respect of previous years	(5,443)	35,271	1,522	4,939
Under/(over) provision of deferred tax in respect of previous years	61,347	(261,127)	-	-
Income tax expense recognised in profit or loss	3,307,492	3,986,749	5,673	544,974

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 January 2017 and 2016:

	Group	
	2017	2016
Profit net of tax, attributable to owners of the Company (RM)	11,980,214	8,308,428
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic earnings per share (sen)	29.88	20.72

The Group does not have any instruments that could potentially dilute basic earnings per share in the future. Accordingly, the diluted earnings per share is not presented.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment

Group	Land and buildings* RM	Tractors and motor vehicles RM	Plant and machinery RM	Equipment, furniture and fixtures RM	Construction work-in-progress RM	Total RM
Cost or valuation:						
At 1 February 2015	55,759,608	1,551,274	38,882,170	1,450,065	-	97,643,117
Additions	91,575	200,000	75,800	20,082	-	387,457
Disposals	-	(625,730)	-	(65,255)	-	(690,985)
Written off	-	-	-	(220)	-	(220)
Revaluation adjustments	(4,374,159)	-	-	-	-	(4,374,159)
At 31 January 2016 and 1 February 2016	51,477,024	1,125,544	38,957,970	1,404,672	-	92,965,210
Additions	-	50,000	9,089	19,922	74,761	153,772
Disposals	-	(36,500)	(67,670)	-	-	(104,170)
Written off	(732,477)	-	(776,603)	(79,893)	-	(1,588,973)
Reclassification	(2,404,404)	-	2,479,165	-	(74,761)	-
At 31 January 2017	48,340,143	1,139,044	40,601,951	1,344,701	-	91,425,839
Accumulated depreciation and accumulated impairment:						
At 1 February 2015	5,930,465	1,247,648	29,455,340	855,991	-	37,489,444
Depreciation charge for the year (Note 8)	1,013,413	147,542	722,204	101,986	-	1,985,145
Disposals	-	(532,064)	-	(65,254)	-	(597,318)
Elimination of accumulated depreciation on revaluation	(1,936,567)	-	-	-	-	(1,936,567)
Impairment (Note 8)	-	-	43,170	-	-	43,170
Written Off	-	-	-	(130)	-	(130)
At 31 January 2016 and 1 February 2016	5,007,311	863,126	30,220,714	892,593	-	36,983,744
Depreciation charge for the year (Note 8)	1,024,918	132,147	809,195	101,346	-	2,067,606
Disposals	-	(36,499)	(67,670)	-	-	(104,169)
Impairment (Note 8)	-	-	170,090	-	-	170,090
Reclassifications	(2,030,508)	-	2,030,508	-	-	-
Written Off	(523,897)	-	(774,040)	(75,218)	-	(1,373,155)
At 31 January 2017	3,477,824	958,774	32,388,797	918,721	-	37,744,116
Net carrying amount:						
At cost	4,516,010	262,418	8,737,256	512,079	-	14,027,763
At valuation	41,953,703	-	-	-	-	41,953,703
At 31 January 2016	46,469,713	262,418	8,737,256	512,079	-	55,981,466
At cost	3,734,443	180,270	8,213,154	425,980	-	12,553,847
At valuation	41,127,876	-	-	-	-	41,127,876
At 31 January 2017	44,862,319	180,270	8,213,154	425,980	-	53,681,723

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment (continued)

* Land and buildings of the Group comprise:

	Long-term leasehold land RM	Short-term leasehold land RM	Plantation infrastructure RM	Buildings RM	Other infrastructure RM	Total RM
Cost or valuation:						
At 1 February 2015	24,274,300	14,928,700	3,333,257	13,233,351	-	55,759,608
Additions	-	-	-	91,575	-	91,575
Revaluation adjustments	(141,300)	(4,680,700)	-	447,841	-	(4,374,159)
At 31 January 2016 and 1 February 2016	24,133,000	10,248,000	3,333,257	13,762,767	-	51,477,024
Written off	-	-	(93,478)	(638,999)	-	(732,477)
Reclassification	-	-	2,441,974	(5,312,193)	465,815	(2,404,404)
At 31 January 2017	24,133,000	10,248,000	5,681,753	7,811,575	465,815	48,340,143
Accumulated depreciation:						
At 1 February 2015	422,224	662,272	499,782	4,346,187	-	5,930,465
Depreciation charge for the year	211,151	323,794	58,192	420,276	-	1,013,413
Elimination of accumulated depreciation on revaluation	(607,637)	(965,812)	-	(363,118)	-	(1,936,567)
At 31 January 2016 and 1 February 2016	25,738	20,254	557,974	4,403,345	-	5,007,311
Depreciation charge for the year	203,955	243,035	163,424	405,188	9,316	1,024,918
Reclassification	-	-	1,811,536	(3,888,048)	46,004	(2,030,508)
Written off	-	-	(93,474)	(430,423)	-	(523,897)
At 31 January 2017	229,693	263,289	2,439,460	490,062	55,320	3,477,824
Net carrying amount:						
At cost	-	-	2,775,283	1,740,727	-	4,516,010
At valuation	24,107,261	10,227,747	-	7,618,695	-	41,953,703
At 31 January 2016	24,107,261	10,227,747	2,775,283	9,359,422	-	46,469,713
At cost	-	-	3,242,293	81,655	410,495	3,734,443
At valuation	23,903,307	9,984,711	-	7,239,858	-	41,127,876
At 31 January 2017	23,903,307	9,984,711	3,242,293	7,321,513	410,495	44,862,319

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment (continued)

* Land and buildings of the Group comprise:

Company	Equipment, furniture and fixtures RM
Cost:	
At 1 February 2015, 31 January 2016, 1 February 2016 and 31 January 2017	16,258
Accumulated depreciation:	
At 1 February 2015, 31 January 2016, 1 February 2016 and 31 January 2017	16,252
Net carrying amount:	
At 31 January 2016 and 31 January 2017	6

The plantation leasehold land were revalued at the reporting day, while the remaining leasehold land and buildings of the Group were revalued in May 2015 by Jurunilai & Perunding Hartanah Sabah, an independent professional valuer.

Had the revalued land and buildings been carried under the cost model, the carrying amounts of each class of land and buildings that would have been included in the financial statements of the Group as at 31 January 2017 and 2016 would be as follows:

	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Total RM
Group				
At 31 January 2017				
Cost	3,978,479	5,013	11,893,360	15,876,852
Accumulated depreciation	(202,626)	(2,063)	(7,000,856)	(7,205,545)
Net carrying amount	3,775,853	2,950	4,892,504	8,671,307
At 31 January 2016				
Cost	3,978,479	5,013	8,185,673	12,169,165
Accumulated depreciation	(188,538)	(1,944)	(3,736,555)	(3,927,037)
Net carrying amount	3,789,941	3,069	4,449,118	8,242,128

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Biological assets

	2017 RM	2016 RM
Group		
Valuation		
At beginning of year	49,326,439	44,860,000
Addition	46,634	40,256
Revaluation surplus	-	4,426,183
At end of year	49,373,073	49,326,439
Accumulated amortisation		
At beginning of year	341,233	5,432,534
Amortisation for the year (Note 8)	4,150,620	2,831,144
Elimination of accumulated depreciation on revaluation	-	(7,922,445)
At end of year	4,491,853	341,233
Net carrying amount		
At end of year	44,881,220	48,985,206

Biological assets were revalued in May 2015 by Jurunilai & Perunding Hartanah Sabah, an independent professional valuer. The fair value was determined using the discounted cash flow basis.

At 31 January 2017, had the revalued biological assets of the Group been carried under the cost model, the net carrying amount would have been RM1,837,365 (2016: RM2,456,237).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment in subsidiaries

	2017 RM	Company 2016 RM
Unquoted shares, at cost	37,563,852	37,563,852
Capital contribution	41,594,233	-
Less: Accumulated impairment losses	(49,093,655)	(7,499,422)
	30,064,430	30,064,430

Details of the subsidiaries, which are all incorporated and domiciled in Malaysia, are as follows:

Name of subsidiaries	Proportion of ownership interest		Principal activities
	2017	2016	
Cacao Paramount Sdn. Bhd.	100%	100%	Processing of cocoa products, trading of crude palm kernel oil and operation of palm kernel crushing plant and oil palm plantations
Majulah Koko Tawau Sdn. Bhd.	100%	100%	Processing and sale of cocoa butter, cocoa powder and other cocoa products, and the export of trading produce
Tawau Cocoa Estate Sdn. Bhd.	100%	100%	Operation of oil palm and cocoa plantations

All of the above subsidiaries are audited by Ernst & Young, Malaysia.

Impairment of investment in subsidiaries

During the financial year, the directors have approved the capital contribution of the Company to Majulah Koko Tawau Sdn. Bhd. totaling RM41,594,233, representing the amount due from the subsidiary. An impairment loss of RM39,363,473 was made in prior year on the amount due from the subsidiary.

The Company carried out a review of the recoverable amount of the capital contribution based on its fair value because the subsidiary had been persistently making losses. An additional impairment loss of RM2,230,760 was recognised in the statement of comprehensive income of the Company for the financial year ended 31 January 2017 (Note 8).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax (assets)/liabilities

Deferred income tax as at reporting date relates to the following:

Group	As at 1 February 2015	Recognised in profit or loss	Recognised in equity	As at 31 January 2016	Recognised in profit or loss	As at 31 January 2017
	RM	(Note 11) RM	(Note 11) RM	RM	(Note 11) RM	RM
Deferred tax liabilities:						
Property, plant and equipment	12,161,373	(758,086)	(585,022)	10,818,265	(522,493)	10,295,772
Biological assets	9,462,589	(675,597)	2,963,671	11,750,663	(983,128)	10,767,535
	21,623,962	(1,433,683)	2,378,649	22,568,928	(1,505,621)	21,063,307
Deferred tax assets:						
Unutilised tax losses	(1,481,895)	294,364	-	(1,187,531)	111,686	(1,075,845)
Unabsorbed capital allowances	(2,469,572)	(61,734)	-	(2,531,306)	9,811	(2,521,495)
Others	(214,040)	148,144	-	(65,926)	63,946	(1,980)
	(4,165,507)	380,744	-	(3,784,763)	185,443	(3,599,320)
	17,458,455	(1,052,939)	2,378,649	18,784,165	(1,320,178)	17,463,987
Company						
Deferred tax liability:						
Property, plant and equipment	1	-	-	1	-	1
Deferred tax asset:						
Unabsorbed capital allowances	(4,705)	-	-	(4,705)	-	(4,705)
	(4,704)	-	-	(4,704)	-	(4,704)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Deferred tax (assets)/liabilities (continued)

Presented after appropriate offsetting as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deferred tax assets	(4,704)	(4,704)	(4,704)	(4,704)
Deferred tax liabilities	17,468,691	18,788,869	-	-
	<u>17,463,987</u>	<u>18,784,165</u>	<u>(4,704)</u>	<u>(4,704)</u>

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

	Group	
	2017 RM	2016 RM
Unutilised tax losses	<u>33,561,873</u>	<u>33,752,854</u>

No deferred tax assets were recognised for the above unutilised tax losses due to uncertainty of their recoverability. The availability of unutilised tax losses for offsetting against future taxable profits of the Group is subject to no substantial changes in shareholdings of these subsidiaries under Section 44(5A) and (5B) of the Income Tax Act, 1967 and guidelines issued by the taxation authority.

17. Inventories

	Group	
	2017 RM	2016 RM
At cost		
Finished goods	47,812,714	35,209,850
Raw materials	3,058,088	283,030
Trading goods	2,479,157	1,198,787
Stores and supplies	1,106,324	1,310,258
	<u>54,456,283</u>	<u>38,001,925</u>
At net realisable value		
Raw materials	19	-
Store and materials	9	-
	<u>54,456,311</u>	<u>38,001,925</u>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM330,484,144 (2016: RM165,714,808).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Trade receivables				
Third parties	3,663,940	2,549,090	-	-
Amounts due from related companies	1,353,594	-	-	-
	5,017,534	2,549,090	-	-
Other receivables				
Amounts due from related parties:				
Holding company	-	52,425	-	52,425
Subsidiaries	-	-	3,628,093	42,811,000
Related companies	96,191	34,759	-	-
	96,191	87,184	3,628,093	42,863,425
Less: Impairment on amount due from a subsidiary (Note 8)	-	-	-	(39,363,473)
	96,191	87,184	3,628,093	3,499,952
Deposits	226,075	230,175	1,050	1,050
Prepayments	59,858	167,470	-	18,334
Sundry receivables	421,678	197,059	-	-
GST receivable	5,201,948	3,032,533	-	-
	6,005,750	3,714,421	3,629,143	3,519,336
Total trade and other receivables	11,023,284	6,263,511	3,629,143	3,519,336
Add: Cash and bank balances (Note 19)	24,082,171	19,279,182	390,824	523,085
Less: Prepayments	(59,858)	(167,470)	-	(18,334)
Total loans and receivables	35,045,597	25,375,223	4,019,967	4,024,087

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables (continued)

(a) Trade receivables

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

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	4,954,447	2,410,620
1 to 30 days past due not impaired	1,023	4,118
31 to 60 days past due not impaired	-	6,228
61 to 90 days past due not impaired	-	32,533
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	62,064	95,591
	63,087	138,470
	<u>5,017,534</u>	<u>2,549,090</u>

Receivables that are neither past due nor impaired

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

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM63,087 (2016: RM138,470) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

(b) Amounts due from holding and related companies

Related companies comprise companies within HTG Holdings Sdn. Bhd. group of companies.

The amounts are unsecured, non-interest bearing and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables (continued)

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, earn interest at the rate of 6.65% to 6.85% (2016: 6.85%) per annum and are repayable on demand.

Amounts due from subsidiaries that are impaired

In prior year, the Company has provided an allowance of RM39,363,473 for impairment of the unsecured advance to a subsidiary with a nominal amount of RM39,363,473. This subsidiary has been suffering significant financial losses for the current and past financial years.

Movement in allowance account:

	Company	
	2017 RM	2016 RM
At 1 February	39,363,473	-
Charge for the year (Note 8)	-	39,363,473
Reclassification to investment in subsidiaries - capital contribution	(39,363,473)	-
	-	39,363,473

(d) Sundry receivables

The amounts are unsecured, non-interest bearing and are to be settled in cash.

19. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at banks and on hand	19,885,171	13,350,182	390,824	523,085
Short-term deposits with licensed banks	4,197,000	5,929,000	-	-
	24,082,171	19,279,182	390,824	523,085

Certain cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods between one day and three days (2016: one day and three days) depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term deposits rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Cash and bank balances (continued)

The weighted average effective rates per annum for deposits at the end of the financial year are:

	Group	
	2017 %	2016 %
Licensed banks	2.13	2.38

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	24,082,171	19,279,182	390,824	523,085
Less: Bank overdrafts (Note 21)	(358,779)	(654,511)	-	-
Cash and cash equivalents	23,723,392	18,624,671	390,824	523,085

Derivatives

Group	2017		2016	
	Contract/ notional amount RM	Assets RM	Contract/ notional amount RM	Assets RM
Non-hedging derivatives:				
Forward currency contracts	14,766,455	34,924	-	-

20. The Group uses forward currency contracts to manage some of the transaction exposures. These contracts are not designated as cash flows nor fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at reporting date.

The method and assumptions applied in determining the fair values of derivative are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Loans and borrowings

	Group	
	2017 RM	2016 RM
Current		
Secured:		
Bankers' acceptances	51,544,000	29,062,000
Letter of credit	-	6,772,429
Term loan	-	9,695,069
	<u>51,544,000</u>	<u>45,529,498</u>
Unsecured:		
Bank overdrafts	358,779	654,511
	<u>51,902,779</u>	<u>46,184,009</u>
Total loans and borrowings		
Bankers' acceptances	51,544,000	29,062,000
Bank overdrafts (Note 19)	358,779	654,511
Letter of credit	-	6,772,429
Term loan	-	9,695,069
	<u>51,902,779</u>	<u>46,184,009</u>

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group	
	2017 RM	2016 RM
On demand or within one year	<u>51,902,779</u>	<u>46,184,009</u>

The effective interest rates at the reporting date for the loans and borrowings were as follows:

	Group	
	2017 %	2016 %
Bank overdrafts	7.60	7.25
Bankers' acceptances	3.72	3.88
Term loan	-	2.55
Letter of credit	-	0.10

The bankers' acceptances, letters of credit and term loan as stated above are secured by corporate guarantees provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Trade and other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	7,465,909	4,295,814	-	-
Amounts due to related companies	4,783,209	3,770,083	-	-
	12,249,118	8,065,897	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	32,984,673	28,175,301
Related companies	699,202	603,225	5,662	4,483
	699,202	603,225	32,990,335	28,179,784
Accruals	883,022	690,466	200,989	140,115
Advances	528,048	685,589	-	-
Deposits	1,150	1,150	-	-
Sundry payables	501,616	394,897	-	-
	2,613,038	2,375,327	33,191,324	28,319,899
Total trade and other payables	14,862,156	10,441,224	33,191,324	28,319,899
Add: Loans and borrowings (Note 21)	51,902,779	46,184,009	-	-
Total financial liabilities carried at amortised cost	66,764,935	56,625,233	33,191,324	28,319,899

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2016: 30 to 60 days).

(b) Amounts due to subsidiaries

The amounts due to subsidiaries bear interest at rates ranging from 6.65% to 6.85% (2016: 6.85%) per annum and are repayable on demand. These amounts are unsecured and are to be settled in cash.

(c) Amounts due to related companies (other payables)

These amounts are non-interest bearing and have no fixed terms of repayment.

(d) Sundry payables and advances

These amounts are non-interest bearing and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Share capital

	Group / Company			
	Number of ordinary shares of RMI each		Amount	
	2017	2016	2017 RM	2016 RM
Authorised				
At beginning and end of year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At beginning and end of year	40,096,902	40,096,902	40,096,902	40,096,902

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 restriction and rank equally with regard to the Company's residual assets.

24. Asset revaluation reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of biological assets, leasehold land and buildings above their cost.

25. Commitments

Operating lease commitments - as lessee

The Group has entered into operating lease agreement for the use of buildings. The non-cancellable lease has a life of 3 years (2016: 3 years) with no renewal or purchase option included in the contract.

Future minimum lease payments under the operating lease contracted at the reporting date are as follows:

	Group	
	2017 RM	2016 RM
Not later than 1 year	2,166,240	2,166,240
Later than 1 year but not later than 5 years	180,520	2,346,760
	<u>2,346,760</u>	<u>4,513,000</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	Note	2017 RM	2016 RM
With the holding company (HTG Holding Sdn Bhd)			
Interest income	(i)	73,190	-
Interest expense	(i)	2,311	1,135
With subsidiaries of the holding company			
Sale of crude palm kernel oil to:			
Teck Guan (China) Ltd.	(ii)	219,957,073	128,243,009
Sale of oil palm fresh fruit bunches (FFB) to:			
Sungai Burung Industries Sdn. Bhd.	(ii)	8,175,553	5,105,294
Tri Grow Sdn. Bhd.	(ii)	178,056	503,438
Konsep Muktamad Sdn. Bhd.	(ii)	1,622,391	1,526,163
Prosperous Sebatik Sdn. Bhd.	(ii)	281,020	453,416
Sale of cocoa powder to:			
Teck Guan Trading Sdn Bhd.	(ii)	494,077	435,425
Sale of chocolate products to:			
Teck Guan Trading Sdn Bhd.	(ii)	1,802,364	1,533,889
Sale of property, plant and equipment to:			
Prosperous Sebatik Sdn. Bhd.	(ii)	6,000	-
Branko Sdn. Bhd.	(ii)	-	1,200
Ladang Subur Sdn. Bhd.	(ii)	-	15,000
Stellar Energy Sdn. Bhd.	(ii)	-	30,000
Sungai Burung Industries Sdn. Bhd.	(ii)	-	50,000
Teck Guan Plantations Sdn. Bhd.	(ii)	-	1,000
Rental income charged to:			
Teck Guan Sdn. Bhd.	(ii)	18,000	18,000
Atlantica Sdn. Bhd.	(ii)	12,000	12,000
Brantian Palm Oil Sdn. Bhd.	(ii)	12,000	12,000
Sungai Burung Industries Sdn. Bhd.	(ii)	12,000	12,000
Konsep Muktamad Sdn. Bhd.	(ii)	101,400	101,400
Prosperous Sebatik Sdn. Bhd.	(ii)	15,000	15,000
Purchase of palm kernel from:			
Atlantica Sdn. Bhd.	(iii)	11,412,294	8,998,146
Brantian Palm Oil Sdn. Bhd.	(iii)	12,310,416	12,840,309
Konsep Muktamad Sdn. Bhd.	(iii)	18,762,726	15,909,904
Prosperous Sebatik Sdn. Bhd.	(iii)	7,941,820	10,451,410
Sungai Burung Industries Sdn. Bhd.	(iii)	26,138,040	19,039,149

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures (continued)

(a) Sale and purchase of goods and services (continued)

Group	Note	2017 RM	2016 RM
<u>With subsidiaries of the holding company (continued)</u>			
Purchase of goods from:			
Teck Guan Trading Sdn. Bhd. (chemical and fertilizer)	(iii)	84,139	93,098
Teck Guan Sdn. Bhd. (diesel and lubricant)	(iii)	199,291	207,155
Prosperous Sebatik Sdn. Bhd. (chemical and fertilizer)	(iii)	104,945	-
Bestbricks (Sabah) Sdn. Bhd. (fertilizer)	(iii)	865,380	879,851
Teck Guan Industries Sdn. Bhd. (fertilizer)	(iii)	71,193	48,068
Hotel Emas Sdn. Bhd. (food and beverage)	(iii)	12,630	3,142
Purchase of property, plant and equipment from:			
Hotel Emas Sdn. Bhd.	(iii)	1,547	-
Andum Sdn. Bhd.	(iii)	-	30,000
Electricity, water and utilities charges charged by:			
Jolly Land Sdn. Bhd.	(iii)	61,799	19,440
Evergreen Intermerge Sdn. Bhd.	(iii)	1,771,869	2,931,329
Land rental, rental of office and computer charged by:			
Jolly Land Sdn. Bhd.	(iii)	45,960	45,960
Teck Guan Industries Sdn. Bhd.	(iii)	2,166,240	2,166,232
Teck Guan Plantations Sdn. Bhd.	(iii)	27,048	27,048
Hoko Sdn. Bhd.	(iii)	84,060	69,776
Insurance expense charged by:			
Teck Guan Holdings Sdn. Bhd.	(iii)	639	1,450
Teck Guan Development (S) Sdn. Bhd.	(iii)	-	26,601
Plantation administrative fee charged by:			
Prosperous Sebatik Sdn. Bhd.	(iii)	36,000	36,000
Commission fee charged by:			
Teck Guan Sdn. Bhd.	(iii)	-	5,866
<u>With an associate of the holding company</u>			
Freight and handling charges charged by:			
Crystal Tower Shipping Sdn. Bhd.	(iv)	-	9,031

NOTE TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures (continued)

(a) Sale and purchase of goods and services (continued)

Company	Note	2017 RM	2016 RM
<u>With the holding company (HTG Holdings Sdn. Bhd.)</u>			
Interest income	(i)	73,190	-
Interest expense	(i)	2,311	1,135
<u>With subsidiaries of the Company</u>			
Administrative fees charged to:			
Cacao Paramount Sdn. Bhd.	(v)	420,000	420,000
Tawau Cocoa Estate Sdn. Bhd.	(v)	300,000	300,000
Majulah Koko Tawau Sdn. Bhd.	(v)	36,000	36,000
Interest income charged to:			
Cacao Paramount Sdn. Bhd.	(i)	230,370	535,300
Majulah Koko Tawau Sdn. Bhd.	(i)	140,656	2,777,608
Interest expense charged by:			
Tawau Cocoa Estate Sdn. Bhd.	(i)	2,123,409	1,772,069
<u>With a subsidiary of the holding company</u>			
Computer rental charged by:			
Hoko Sdn. Bhd.	(iii)	9,900	7,500

Related companies are companies within the HTG Holdings Sdn. Bhd. group.

- (i) The interest income and interest expense arose from the amounts due from/(to) holding company and subsidiaries.
- (ii) The sale of products and rendering of services to subsidiaries and related companies were made according to the published prices and conditions offered to the major customers of the Group and of the Company, except that a longer credit period is normally granted.
- (iii) The purchase of products and services from related companies were made according to the published prices and conditions offered by these related companies to their major customers, except that a longer credit period is normally granted.
- (iv) The directors consider that the freight and handling charges paid to Crystal Tower Shipping Sdn. Bhd. were made according to the published prices and conditions similar to those offered to the major customers of the related party.
- (v) The administrative fees received were according to the monthly rate agreed between both parties for the services rendered.

Information regarding outstanding balances arising from related party transactions as at 31 January 2017 is disclosed in Note 18 and Note 22.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures (continued)

(b) Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Short-term employee benefits	402,924	300,640	400,512	298,240
Post-employment benefits:				
Defined contribution plan	43,664	25,572	43,508	25,416
	<u>446,588</u>	<u>326,212</u>	<u>444,020</u>	<u>323,656</u>

Included in compensation of key management personnel is directors' remuneration amounting to RM257,523 (2016: RM326,212) and RM254,955 (2016: RM323,656) of the Group and the Company respectively as disclosed in Note 10.

27. Fair value measurements

(a) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflect the significance of the inputs used in making the measurements. The categories within the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - 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), and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Fair value measurement hierarchy as at 31 January 2017 and 31 January 2016 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Financial assets				
Revalued property, plant and equipment				
- Leasehold land	-	-	33,888,018	33,888,018
- Buildings	-	-	7,239,858	7,239,858
Biological assets	-	-	44,881,220	44,881,220
Derivatives				
- Forward currency contracts	-	34,924	-	34,924
2016				
Financial assets				
Revalued property, plant and equipment				
- Leasehold land	-	-	34,335,008	34,335,008
- Buildings	-	-	7,618,695	7,618,695
Biological assets	-	-	48,985,206	48,985,206

There have been no transfers between Level 1, 2 and 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

Description of valuation techniques used and significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy as at 31 January 2017 and 2016 are as shown below:

	Valuation technique	Significant unobservable inputs	Range	
			2017	2016
Industrial leasehold land	Market comparable method	Price per sq ft	RM27	RM27
Plantation leasehold land	Market comparable method	Price per Ha	RM22,239 - RM56,833	RM22,239 - RM54,362
		Discount rate	5.5% - 6.0%	5.5% - 6.0%
Buildings	Depreciated replacement cost method	Depreciated building value per sq ft	RM50 - RM53	RM50 - RM53
Biological assets	Discounted cash flows method	Long term average price per MT	RM450 - RM475	RM450 - RM475
		Oil palm yield per Ha	25MT - 37MT	25MT - 37MT
		Production costs per Ha	RM4,144 - RM6,235	RM4,144 - RM6,235
		Yield on capital	7.5% - 8.0%	7.5% - 8.0%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Fair value measurements (continued)

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The followings are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	18
Cash and bank balances	19
Loans and borrowings	21
Trade and other payables	22

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their short term nature.

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of counter parties, foreign exchange spot and forward rates.

Financial guarantees

Fair value is determined based on the probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

28. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values; and
- A nominal amount of RM141,600,000 (2016: RM199,770,000) relating to a corporate guarantee provided by the Company to a bank on its subsidiaries' bank loan.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

	Group			
	2017		2016	
	RM	% of total	RM	% of total
By country:				
Malaysia	1,435,397	29	139,263	5
Singapore	1,350,491	27	2,051,323	81
Peoples' Republic of China	1,201,039	24	296,179	12
Egypt	492,483	10	-	-
Jordan	338,819	6	-	-
Philippines	199,305	4	-	-
Korea	-	-	62,325	2
	5,017,534	100	2,549,090	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 18. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year	
	2017 RM	2016 RM
Group		
Financial liabilities:		
Trade and other payables	14,862,156	10,441,224
Loans and borrowings	51,902,779	46,184,009
Total undiscounted financial liabilities	66,764,935	56,625,233
Company		
Financial liability:		
Trade and other payables	33,191,324	28,319,899
Total undiscounted financial liability	33,191,324	28,319,899

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and loans at fixed rate to or from related parties.

The Group's policy is to manage interest rate risk using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been basis 25 points (2016: 25 points) lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM69,015 (2016: RM35,371) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, and lower/higher interest income and expense on floating rates loan to or from related parties. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than in RM. The foreign currency in which the transactions are denominated are mainly US Dollars ("USD").

Approximately 96% (2016: 93%) of the Group's sales are denominated in foreign currencies and 59% (2016: 71%) of cost of sales are denominated in RM. 93% (2016: 94%) of the Group's trade receivables as at reporting date are denominated in foreign currencies.

The Group has also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM13,953,149 (2016: RM12,206,186) for the Group.

The Group uses forward currency contracts to eliminate the currency exposures on transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Group entities, with all other variables held constant.

Group	Profit net of tax	
	2017 RM	2016 RM
RM/USD - strengthened 5%	860,505	650,995
- weakened 5%	(860,505)	(650,995)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(e) Market price risk

The Group is exposed to market price risk arising from its operations. The market price of plantation produce, cocoa beans, palm kernel oil and palm kernel expeller is determined by the supply, pricing and demand for competing vegetable oils. These factors can result in fluctuations in the market price.

29. Capital management

The primary objective of the Group's capital management is to ensure that it maintains good credit rating and healthy capital ratios in order to support a balanced growth objective in its business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, business strategies and future commitments on a continuous basis. To achieve this objective, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2017 and 31 January 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings	21	51,902,779	46,184,009	-	-
Trade and other payables	22	14,862,156	10,441,224	33,191,324	28,319,899
Less: Cash and bank balances	19	(24,082,171)	(19,279,182)	(390,824)	(523,085)
Net debt		42,682,764	37,346,051	32,800,500	27,796,814
Equity attributable to owners of the Company		102,915,084	90,934,870	956,696	5,361,627
Total capital		102,915,084	90,934,870	956,696	5,361,627
Capital and net debt		145,597,848	128,280,921	33,757,196	33,158,441
Gearing ratio		29%	29%	97%	84%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. Segment information

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

- (i) Cocoa products segment – Processing and sale of cocoa butter, cocoa powder and other cocoa products, and the export of trading produce;
- (ii) Oil palm products segment – Operation of oil palm plantations, operation of kernel crushing plant; and
- (iii) Corporate segment – Group-level corporate service and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment analysis by geographical location has not been prepared as the Group's operations are predominantly conducted in Malaysia.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Cocoa products		Oil palm products		Corporate		Adjustment and elimination		Note	Per consolidated financial statement	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM		2017 RM	2016 RM
Revenue:											
External customers	9,749,698	8,601,237	367,561,380	201,971,283	-	-	-	-		377,311,078	210,572,520
Inter-segment	366,789	40,962	-	-	-	-	(366,789)	(40,962)	A	-	-
	<u>10,116,487</u>	<u>8,642,199</u>	<u>367,561,380</u>	<u>201,971,283</u>	<u>-</u>	<u>-</u>	<u>(366,789)</u>	<u>(40,962)</u>		<u>377,311,078</u>	<u>210,572,520</u>
Results:											
Interest income	2,271	19,514	2,460,022	2,079,969	449,227	3,313,941	(2,500,208)	(5,084,977)	A	411,312	328,447
Depreciation and amortisation	495,431	300,091	5,722,795	4,516,198	-	-	-	-		6,218,226	4,816,289
Segment profit/(loss)	<u>190,714</u>	<u>165,515</u>	<u>16,269,057</u>	<u>13,314,753</u>	<u>(1,172,065)</u>	<u>(1,185,091)</u>	<u>-</u>	<u>-</u>		<u>15,287,706</u>	<u>12,295,177</u>
Assets:											
Additions to non-current assets	1,484	72,800	198,922	354,913	-	-	-	-	B	200,406	427,713
Segment assets	<u>28,324,232</u>	<u>26,682,092</u>	<u>159,443,520</u>	<u>141,234,299</u>	<u>391,881</u>	<u>594,899</u>	<u>63,617</u>	<u>4,704</u>	C	<u>188,233,250</u>	<u>168,515,994</u>
Liabilities:											
Segment liabilities	<u>719,225</u>	<u>3,023,992</u>	<u>65,839,059</u>	<u>53,456,642</u>	<u>206,651</u>	<u>144,599</u>	<u>18,543,231</u>	<u>20,955,891</u>	D	<u>85,308,166</u>	<u>77,581,124</u>

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

B Additions of non-current assets consist of:

	Note	2017 RM	2016 RM
Biological assets	14	46,634	40,256
Property, plant and equipment	13	153,772	387,457
		<u>200,406</u>	<u>427,713</u>

C The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2017 RM	2016 RM
Deferred tax assets	16	4,704	4,704
Tax recoverable		58,913	-
		<u>63,617</u>	<u>4,704</u>

D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2017 RM	2016 RM
Deferred tax liabilities	16	17,468,691	18,788,869
Income tax payable		1,074,540	2,167,022
		<u>18,543,231</u>	<u>20,955,891</u>

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2017 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. Supplementary information – breakdown of retained profits into realised and unrealised

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 January 2017 into realised and unrealised profits/(losses) is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	2017	
	Group RM	Company RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(22,160,838)	(39,142,502)
- Unrealised	(16,607,406)	4,704
	(38,768,244)	(39,147,206)
Less: Consolidation adjustments	47,057,263	-
Retained earnings/(accumulated losses) as per financial statements	8,289,019	(39,147,206)

	2016	
	Group RM	Company RM
Total (accumulated losses)/retained earnings of the Company and its subsidiaries		
- Realised	(32,865,502)	(34,746,979)
- Unrealised	(18,793,573)	4,704
	(51,659,075)	(34,742,275)
Less: Consolidation adjustments	44,826,503	-
Accumulated losses as per financial statements	(6,832,572)	(34,742,275)



TECK GUAN PERDANA BERHAD

(Company No.307097-A)

(Incorporated in Malaysia)

Registered Office: 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

CDS Account No	:	
Number of Shares Held	:	

Form of Proxy

I/We, _____
(Please use block letters)

of _____
(Full address)

being a member/members of TECK GUAN PERDANA BERHAD hereby appoint _____
of _____
or failing him/her _____
of _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting of the Company, to be held at Theobroma Conference Room, First Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Thursday, 22 June 2017 at 9.00 a.m. and at any adjournment thereof.

		For	Against
As Ordinary Business:			
Resolution 1	To approve the payment of Directors' fees amounting to RM36,000 and benefits for the financial year ended 31 January 2017.		
Resolution 2	To approve the payment of Directors' fees not exceeding the amount RM54,000 and any benefits payable for the financial year ending 31 January 2018.		
Resolution 3	To re-elect Mr. Tham Vui Vun who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association.		
Resolution 4	To re-elect Mr. Fung Hiuk Bing who retires as a Director of the Company pursuant to Article 94 of the Company's Articles of Association.		
Resolution 5	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
As Special Business:			
Ordinary Resolution 6	Continuation in office for Mr. Tham Vui Vun as Independent Non-Executive Director.		
Ordinary Resolution 7	Approval For Issuance Of New Ordinary Shares Pursuant To Section 76 Of The Companies Act, 2016.		
Ordinary Resolution 8	Proposed Renewal Of Shareholders' Mandate For Existing Recurrent Related Party Transactions.		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.)

Signed this _____ day of _____ 2017

Signature / Common Seal of Member

Notes:

- Only members whose names appear in the Record of Depositors as at 15 June 2017, issued by Bursa Malaysia Depository Sdn. Bhd, will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.
- A proxy may but need not be a member of the Company and there is no restriction as to the qualification of a proxy. Provided that, having appointed a proxy or an attorney to attend in his stead, if such member personally attends the meeting, his proxy or attorney shall be precluded from attending such meeting.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) as defined under the Securities Industry Central Depositories Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
- To be valid the duly completed proxy form must be deposited at the Registered office of the Company at 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah, not less than 48 hours before the time fixed for holding the Meeting.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of Annual General Meeting will be put to vote by way of poll.

TECK GUAN PERDANA BERHAD
(Incorporated in Malaysia) Company No.307097-A
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