TECK GUAN PERDANA BERHAD

(307097-A)

Annual Report 2018

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth 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, 28th June 2018 at 9.00 a.m. to transact the following :-

AGENDA

1. To receive the Audited Financial Statements for the year ended 31 January 2018 together with the Reports of the Directors and Auditors thereon. **(Refer to Note 8)**

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 2019. **Resolution 1**

3. To re-elect Mr. Wong Peng Mun who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association. **Resolution 2**

4. To re-elect Ms. Hong Dunn Yee who retires as a Director of the Company pursuant to Article 99 of the Company's Articles of Association. **Resolution 3**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

AS SPECIAL BUSINESS :-

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

6. ORDINARY RESOLUTION
Continuation in Office as Independent Non-Executive Directors

i. "THAT approval be and is hereby given to Mr.Tham Vui Vun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non Executive Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 5**

ii. "THAT, subject to the passing of Resolution 2, approval be and is hereby given to Mr.Wong Peng Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) year to continue to act as an Independent Non Executive Director of the Company until the conclusion of the next Annual General Meeting." **Resolution 6**

7. ORDINARY RESOLUTION
Authority for Directors to Allot and Issue Shares

"THAT, subject always to the Companies Act 2016 ("the Act"), the Articles of Association of the Company and approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act 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 person or 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 total number of issued shares of the Company for the time being AND THAT the Directors 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 FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company, or at the expiry of the period within which the next AGM of the Company is required by law to be held, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting." **Resolution 7**

NOTICE OF ANNUAL GENERAL MEETING

8. ORDINARY RESOLUTION
Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions And Shareholders' Mandate for Additional Recurrent Related Party Transactions

"THAT subject to the Companies Act 2016 ("the Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("the Group") to enter into the recurrent related party transactions ("RRPT") of a revenue or trading nature which are necessary for the day-to-day operations of the Group as set out in Section 3.2 (A) of the circular to shareholders dated 30 May 2018 ("the Circular") with the related parties mentioned therein be and is hereby renewed AND THAT mandate be and is hereby given to the Group to enter into additional RRPT as set out in Section 3.2 (B) of the Circular provided that such transactions are undertaken in the ordinary course of business and on normal terms 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 (hereinafter referred to as "the Shareholders' Mandate"). **Resolution 8**

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

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

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

BY ORDER OF THE BOARD

NG KOK WAH (MIA 16956)
Company Secretary

Tawau, Sabah.
Dated this 30 May 2018

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 21 June 2018, 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 the 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. It does not require shareholders' approval and hence, will not be put for voting.

9. Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors and any benefits payable to the directors shall be approved at a general meeting. The proposed Resolution 1 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current Board of Directors ("Board") size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

Explanatory Notes on Special Business

10. Ordinary Resolutions (Resolutions 5 & 6)

The Board holds the view that the following Independent Non-Executive Directors :

i. Mr. Tham Vui Vun who has served as an Independent Non-Executive Director of the Company for a tenure exceeding a cumulative term of nine (9) years and more than twelve (12) years; and

ii. Mr. Wong Peng Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years,

NOTICE OF ANNUAL GENERAL MEETING

have remain objective and independent in carrying out their role and responsibility as members of the Board and Board Committees and the length of their service does not interfere with their ability and exercise of independent judgment as Independent Directors. Therefore, the Board has recommended that the approval of the shareholders be sought on a single tier voting basis for each of them to continue to act in the capacity as the Independent Non-Executive Director of the Company until the conclusion of the next AGM of the Company.

11. Ordinary Resolution (Resolution 7)

The Ordinary Resolution proposed under Resolution 7 is to renew the authority granted to the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares at any time for such purposes and to such person/(s) as the Directors deemed fit and in the best interest of the Company provided that the aggregate number of the shares issued does not exceed 10% of the total number of 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 ("AGM") of the Company, or at the expiry of the period within which the next AGM is required by law to be held, whichever is the earlier (hereinafter referred to as the "General Mandate").

This General Mandate is a renewal of the mandate obtained in the last AGM. As at the date of this Notice, no new shares in the Company were issued pursuant to the last mandate which will lapse at the conclusion of this forthcoming AGM and the Directors do not intend to raise funds from the general mandate sought last year.

The General Mandate will provide flexibility to the Company for any possible fund raising activities by issuance of new shares (other than bonus or rights issue), including but not limited to further placing of shares, for purpose of funding future investment, working capital, repayment of borrowings and/or acquisitions and to avoid delay and cost in convening general meetings to approve such issue of shares.

12. Ordinary Resolution (Resolution 8)

The proposed resolution is in relation to Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Shareholders' Mandate for Additional Recurrent Related Party Transactions 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 30 May 2018 for more information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Save for re-election of directors, no individual is standing for election as a director at the forthcoming 24th Annual General Meeting ("AGM") of the Company.

   Mr. Wong Peng Mun was last re-elected as Directors of the Company on 30 July 2015. Accordingly he 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 each AGM.

   Ms. Hong Dunn Yee who was appointed on 11 September 2017, retires pursuant to Article 99 which provide that an additional Director so appointed shall hold office only until the next AGM and shall then 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 Sections 75 and 76 of the Companies Act 2016, as proposed under Resolution 7 in the Notice of AGM of the Company. Further details of the said mandate/resolution are contained in the Explanatory Note 11 to the Notice of AGM.

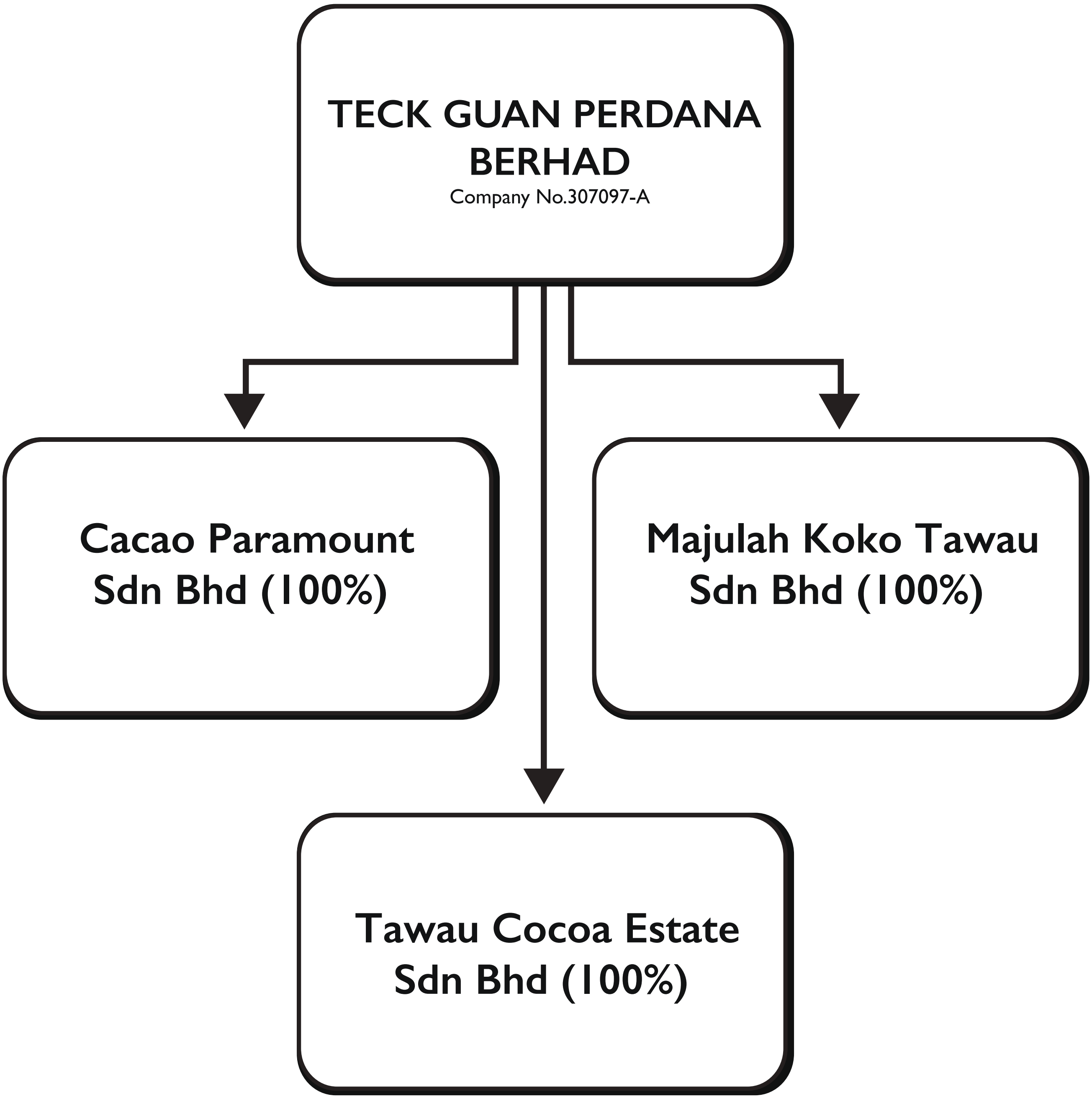
CORPORATE INFORMATION

BOARD OF DIRECTORS :	Tham Vui Vun (Chairman and Independent Non-Executive Director) Datuk Hong Ngit Ming (Managing Director) Hong Dunn Yee (Executive Director) Fung Hiuk Bing (Independent Non-Executive Director) Wong Peng Mun (Independent Non-Executive Director)
AUDIT & RISK MANAGEMENT COMMITTEE :	Fung Hiuk Bing (Chairman) Tham Vui Vun Wong Peng Mun
NOMINATION & REMUNERATION COMMITTEE :	Wong Peng Mun (Chairman) Fung Hiuk Bing Tham Vui Vun
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
SHARE 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
AUDITORS :	Ernst & Young (AF 0039) , Chartered Accountants
BANKERS :	Hong Leong Bank Berhad Malayan Banking Berhad RHB Bank Berhad
SOLICITORS :	Alex Pang & Co Chung & Associates Ho Chong Yong Liew Hon Min & Co Ting, Rosen & Co
STOCK EXCHANGE LISTING :	Bursa Malaysia Securities Berhad (Main Market) Stock Short Name : TECGUAN Stock Code : 7439
WEBSITE :	www.teckguan.com/tgp

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 January	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
RESULTS OF OPERATIONS					
Revenue	387,915	377,311	210,573	264,052	202,257
Pre-Tax (Loss) / Profit	(1,569)	15,288	12,295	(710)	8,666
After-Tax (Loss) / Profit	(1,796)	11,980	8308	(2,055)	7,006
FINANCIAL POSITION					
Working Capital	23,887	21,816	4,752	1,437	8,871
Net Assets	101,119	102,915	90,935	75,094	77,149
Total Assets	206,325	188,223	168,516	176,013	152,657
Paid-up Capital	40,104	40,097	40,097	40,097	40,097
Shareholders' Funds	101,119	102,915	90,935	75,094	77,149
PER SHARE (in SEN)					
Net Assets	252.2	256.7	226.8	187.3	192.4
(Loss) / Profit Before Tax*	(3.9)	38.1	30.7	(1.8)	21.6
(Loss) / Profit After Tax*	(4.5)	29.9	20.7	(5.1)	17.5
Dividend – Final (Gross)	0.0	0.0	0.0	0.0	0.0
* Calculated based on ordinary shares in issue throughout the financial year (unit)	40,096,902	40,096,902	40,096,902	40,096,902	40,096,902

CORPORATE STRUCTURE



PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. THAM VUI VUN

Position : Chairman and Independent Non-Executive Director

Age : 60

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 heads his own practice as V.V. Tham & Co since 1998, and in 2018, as V.V. Tham & Partner PLT.

Occupation : Auditor

Date first appointed to the Board :15 November 2001

Date appointed as Board Chairman: 15 April 2013

Details of any Board Committee appointment:
Audit & Risk Management Committee – Member
Nomination & Remuneration 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:
Please refer to para A1.1 under the section on Corporate Governance Overview Statement of this Annual Report

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

DATUK HONG NGIT MING

Position : Managing Director (Key Senior Management)

Age : 64

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 ACGI. 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.

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 and his daughter, Ms. Hong Dunn Yee is a member of the Board.

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:
Please refer to para A1.1 under the section on Corporate Governance Overview Statement of this Annual Report.

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MS. HONG DUNN YEE

Position : Executive Director (Key Senior Management)

Age : 34

Gender : Female

Nationality : Malaysian

Qualification :
Bachelor of Science in Industrial Engineering from Purdue University, United States of America

Working Experience :
She joined the Teck Guan Holdings Sdn Bhd's Group of Companies (TGH Group) in April 2005 as Business Development Executive in the marketing and export arm of the Group before she was seconded to Teck Guan (China) Ltd. as Purchasing Executive in October 2006 and promoted to Purchasing Manager in June 2011. She was transferred back to Malaysia in March 2012 and based in the trading division of the TGH Group as Business Development Manager in charge of project development and marketing of fertilizer products.

Occupation : Director

Date first appointed to the Board : 11 September 2017

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 :
Her father, Datuk Hong Ngit Ming is a member of the Board.

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 :
Please refer to para A1.1 under the section on Corporate Governance Overview Statement of this Annual Report

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. FUNG HIUK BING

Position : Independent Non-Executive Director

Age : 48

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 :
Audit & Risk Management Committee – Chairman
Nomination & Remuneration 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:
Please refer to para A1.1 under the section on Corporate Governance Overview Statement of this Annual Report

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. WONG PENG MUN

Position : Independent Non-Executive Director

Age : 57

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

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 :
Please refer to para A1.1 under the section on Corporate Governance Overview Statement of this Annual Report

PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. CHONG NYET WUI

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

Age : 60

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 2018.

Financial Performance

For the year ended 31 January 2018, the Group registered revenue of RM387.92 million, representing an increase of 2.81% compared to RM377.31 million in the preceding year. The higher revenue was mainly attributed to increase in sales volume.

The Group registered a loss after tax of RM1.80 million as compared with a profit after tax of RM11.98 million in the preceding year mainly due to lower operating margin.

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 15 years. Fresh fruit bunches yield registered an increase of approximately 21.18%. The sales volume for crude palm kernel oil and palm kernel expeller had registered an increase of approximately 9.26% and 5.39% as compared with preceding year.

The operating profit for palm oil products segment declined from RM16.27 million in the preceding year to an operating loss of RM0.88 million in the current year. The decrease was mainly attributed to decrease in operating margin for palm oil products.

(b) Cocoa Products:

The operating profit for cocoa products segment increased from RM0.19 million in the preceding year to RM0.54 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 2018.

Prospects

The Group performance in financial year 2018 was challenging amid adverse external factors exerted on palm-based products. However for the forthcoming year, the palm oil market is expected to remain volatile with vulnerability in global commodity prices and unstable exchange rates. The Board is cautiously optimistic on the long term prospects of the palm-based industry and will continue to focus on cost efficiency, enhanced productivity and to mitigate business associated risks so as to achieve long term sustainability.

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.

THAM VUI VUN
Chairman

MANAGEMENT DISCUSSION & 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 for the financial year ended 31 January 2018 at RM387.92 million was 2.81% above the last financial year whilst loss before tax at RM1.57 million was lower than the last financial year's profit before tax of RM15.29 million mainly attributed by unfavourable palm product segment results. During the financial year, palm oil products segment reported an operating loss of RM0.88 million against operating profit of RM16.27 million in the last financial year was mainly attributed by the decrease in operating margin. Cocoa products segment reported higher operating profit of RM0.54 million compared to RM RM0.19 million in the last financial year.

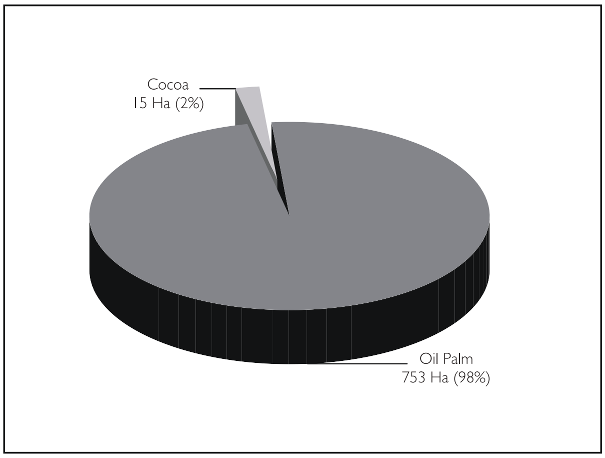
Consequently, the Group recorded loss after tax for the financial year ended 31 January 2018 at RM1.80 million as compared to the last financial year's profit after tax of RM11.98 million. The loss was also attributed by unfavorable foreign exchange recognised. As the major portion of the Group's revenue was denominated in USD, the strengthening of Ringgit Malaysia against USD had resulted in higher foreign exchange loss of RM1.75 million as compared to a gain of RM3.10 million in the last financial year.

The Group's operations are mainly affected by seasonal crop production, climatic conditions and fluctuating commodity prices. Palm oil products segment reported lower margin during the year mainly affected by high volatility of prevailing commodity prices.

Moving forward into the year 2018, the Management expects the global commodity prices of palm oil market to remain volatile. Despite the current challenging economic environment, the Group is optimistic on the long term prospects of the palm-based industry and anticipates its operating performance for FY2019 to be positive.

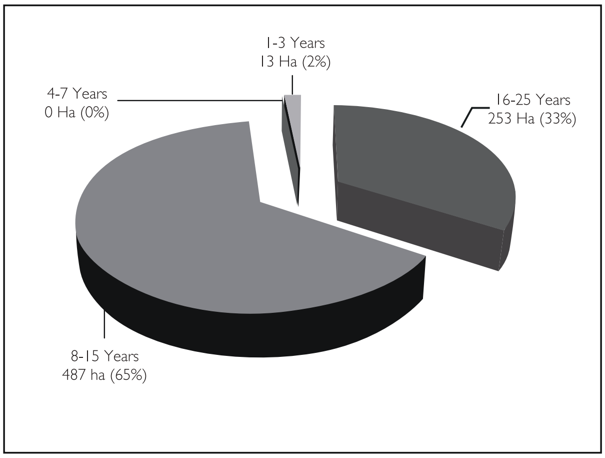
B. Group Business Review – Oil Palm and Cocoa Plantations

CROP MIX



Total Planted Area – 768 Ha

OIL PALM HECTARAGE BY AGE

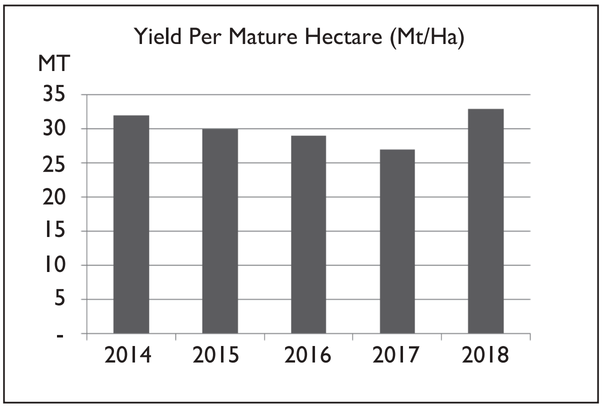


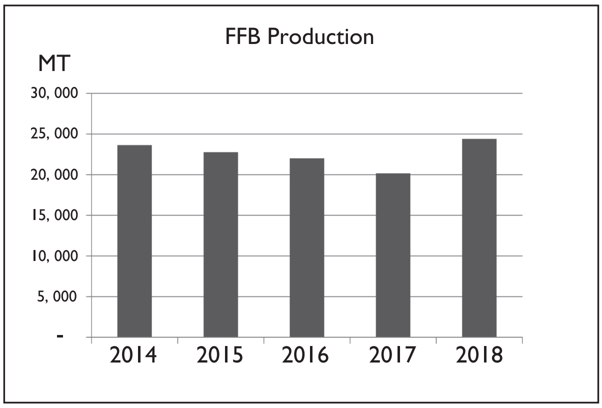
Total Oil Palm Planted Area – 753 Ha

MANAGEMENT DISCUSSION & ANALYSIS

B. Group Business Review – Oil Palm and Cocoa Plantations

OIL PALM PLANTATION





PLANTATION STATISTICS

Area Statement

	Unit	FY2018	FY2017	FY2016	FY2015	FY2014
Oil Palm Area						
Mature	Hectare	740	740	754	754	753
Immature	Hectare	13	13	13	-	-
Total	Hectare	753	753	767	754	753
Cocoa Area						
Mature	Hectare	15	17	17	28	28
Immature	Hectare	-	-	-	-	-
Total	Hectare	15	17	17	28	28
Total Planted Area	Hectare	**768**	**770**	**784**	**782**	**781**
Total Unplanted, Buildings and Infrastructure Areas	Hectare	59	57	43	45	46
Total Area	Hectare	**827**	**827**	**827**	**827**	**827**

MANAGEMENT DISCUSSION & ANALYSIS

Crop Statement

	Unit	FY2018	FY2017	FY2016	FY2015	FY2014
Oil Palm						
FFB Production	Tonne	24,404	20,138	22,058	22,768	23,720
Yield Per Mature Hectare	Tonne	33.00	27.23	29.26	30.20	31.50
Average Selling Price	RM/ Tonne	511	547	416	469	434
Cocoa						
Cocoa Beans Production	Tonne	0.3	1	4	5	7
Yield Per Mature Hectare	Tonne	0.02	0.09	0.22	0.19	0.25
Average Selling Price	RM/ Tonne	6,900	8,164	8,978	8,745	6,201

As at 31 January 2018, the Group's total planted area owned by subsidiary companies stood at 768 hectares. Approximately 98.03% 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 83.67% of the Group's oil palm and cocoa plantation holdings are located at Tawau, Sabah, and the remaining of 16.33% at Lahad Datu, Sabah. The Group's plantation produce are principally processed by palm oil mills owned by the related companies.

For the current year under review, almost all oil palm and cocoa planted areas have attained maturity. The Group's estates produced a total of 24,404MT of FFB which was about 21.18% higher than the previous year mainly due to higher yield. FFB yield had increased to 33.00 MT as compared to 27.23 MT in last financial year. Average FFB selling price in current financial year of RM511 per MT is about 6.58% lower than the last financial year.

The Management is cautiously optimistic on the prospects of the plantation industry. Management will continue to focus on the cost efficiency and yield management in 2018.

MANAGEMENT DISCUSSION & ANALYSIS

C. Group Business Review – Resource-Based Manufacturing

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

	Unit	FY2018	FY2017	FY2016	FY2015	FY2014
Production						
Crude Palm Kernel Oil	Tonne	48,648	36,484	37,870	43,239	37,643
Palm Kernel Expeller	Tonne	55,867	39,607	42,176	47,502	41,210
Extraction Rates						
Crude Palm Kernel Oil	%	46.23	46.41	46.02	45.99	46.02
Palm Kernel Expeller	%	53.09	50.38	51.26	50.53	50.38
Average Selling Price (Per Tonne)						
Crude Palm Kernel Oil	RM	5,320	5,074	3,581	3,571	2,672
Palm Kernel Expeller	RM	416	397	333	423	473
Trading of palm oil related products	RM	3,406	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.

Extraction rate of the crude palm kernel oil for the current year has slightly reduced to 46.23% as compared last financial year at 46.41%. Negative margin had been recorded for crushing operation for the current year due to decreased in operating margin.

The overall financial performance for the operation of kernel crushing plant and trading of palm products in financial year 2018 was challenging due to external environment on palm-based 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 DISCUSSION & ANALYSIS

2. Manufacturing and Trading of Cocoa Products

	Unit	FY2018	FY2017	FY2016	FY2015	FY2014
Average Selling Price (Per Tonne)						
Cocoa Products	RM	11,056	11,694	10,826	8,939	10,861
Chocolate Products	RM	13,741	13,294	12,115	7,501	8,325
Dried Cocoa Beans	RM	7,100	9,166	10,033	9,771	7,706
Sales Volume						
Cocoa Products	Tonne	863	664	598	632	706
Chocolate Products	Tonne	119	143	147	146	135
Dried Cocoa Beans	Tonne	0.3	4	34	59	109

Cocoa products' contribution of 2.88% to the revenue for the current year 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 Jordon, Karachi, China, India, and Lebanon.

CORPORATE GOVERNANCE OVERVIEW 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 Overview statement provides information about the Company's corporate governance practices during the reporting 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 best practices set out in the new Malaysian Code on Corporate Governance ("the Code") issued by the Securities Commission.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

A1 BOARD DYNAMICS AND STRUCTURE

A1.1 Members of the Board of Directors

The Company is headed by a dynamic Board consisting of 5 members with more than half of Board consist of Independent Non-Executive Directors ("Independent Directors") as follows :

Members of the Board	Designation	Number of Meetings During the FY 2018		Attendance Record
		Attended	Held	
Mr. Tham Vui Vun	Chairman, Independent Director	5	5	100%
Datuk Hong Ngit Ming	Managing Director	4	5	80%
Ms. Hong Dunn Yee	Executive Director	2	3*	67%
Mr. Fung Hiuk Bing	Independent Director	5	5	100%
Mr. Wong Peng Mun	Independent Director	5	5	100%

* refer to the number of meetings held subsequent to her appointment as Director of the Company on 11 September 2017

The profile of each of the Director can be found in the section on "Profiles of Directors and Key Senior Management" of this Annual Report.

A1.2 Separate Positions of the Board Chairman and the Managing Director for Accountability

The positions of Chairman and Managing Director are held by different individuals, and this separation of positions promotes accountability, facilitates the division of responsibilities between them and further enhances the existing balance of power and authority.

The Chairman of the Company is Mr. Tham Vui Vun, who is an independent non-executive member of the Board. The Chairman is primarily responsible for matters pertaining to the Board, provides leadership in ensuring effective functioning of the Board as a whole, encourage active and fair participation from every Board member and instilling good corporate governance practices and overall conduct of the Group.

Datuk Hong Ngit Ming, an executive member of the Board, is the Managing Director and he focuses on the business and day-to-day management of the Company and the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A1.3 Presence of Independent Directors to Provide Objectivity

Role of Independent Directors

The Board recognises that the Independent Directors, who has no connection with the Company, bring dispassionate objectivity to the Company and significantly contribute to the Company's decision making by bringing in the quality of detached impartiality.

The Independent Directors are independent of management and have no relationship that could materially interfere with the exercise of their independent judgement. The Independent Directors are actively involved in the existing Board Committees of the Company for enhanced governance. They provide the relevant checks and balances for the effective functioning of the Board, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

Composition of Independent Directors

The current Board size consist of 5 members comprising a Non-Executive Chairman who is also an Independent Director, a Managing Director, an Executive Director and 2 other Independent Directors. The present composition reflects more than half of the Board members are Independent Directors. The present Board composition complies with both the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad that requires two directors or one-third of the Board whichever is higher, to be independent director and the Code's best practice of at least half of the Board comprises independent directors.

Tenure of Independent Directors

The Board notes that the Code's practice prescribes 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 Director, the Board shall justify the decision and seek annual shareholders' approval. Furthermore, the practice under the new Code prescribes that if the Board continues to retain the Independent Director after the twelfth (12th) year, the Board should seek annual shareholders' approval through a two tier voting process.

The Company does not have a policy to limit the tenure of its Independent Directors to 9 years as it intends to seek shareholders' approval to retain the following Independent Directors in their present capacity :

(a) Mr. Wong Peng Mun has served the Company for a cumulative term of more than 9 years as an Independent Director and the Board intends to continue to retain him as an Independent Director by seeking shareholders' approval at the forthcoming AGM, subject to him, who shall be retiring by rotation, being re-elected as a Director at the forthcoming AGM.

(b) Mr. Tham Vui Vun has served the Company for a cumulative term of more than 12 years as an Independent Director and the Board intends to continue to retain him as an Independent Director by seeking shareholders' approval at the forthcoming AGM through a single tier voting process. This is a temporary departure from the prescribed practice of the Code on the voting procedure, until such time that the Company's constitution is amended to include a two tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A1.4 Board Diversity to Widen Perspective

The Board recognises that a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at senior management will provide constructive debates, which lead to better decisions. The Nomination & Remuneration Committee in considering recommendation on new appointment to the Board are generally based on objective criteria with due regard to diversity in skills, knowledge, experience, ethnicity, age and gender. Notwithstanding the challenges in achieving the appropriate level of diversity on the Board and senior management, the Company will work towards addressing this as and when vacancies arise and suitable candidates are identified with the aim to select the best candidates available with necessary character that fits the Company's needs.

Furthermore, the Board is supportive of gender diversity in the Board composition and senior management, even though there is no specific gender policy and target set by the Company, as the Board believes that appointment to the Board and senior management should be based on the candidate's merit, qualification, experience and character.

Nevertheless, the Board is committed to have at least one female representation in the Board as specified in the Board Charter. Ms. Hong Dunn Yee was appointed to the Board as an Executive Director on 11 September 2017 and she shall hold office until this forthcoming AGM, and being eligible she will be standing for re-election as Director of the Company at the said AGM.

A1.5 Board Committees to Enhance Governance

The Board has established the following Board Committees from amongst the Board members to ensure good governance in decision making :

a. Audit & Risk Management Committee ("ARM Committee")

The primary objectives of the ARM Committee are to assist the Board in the oversight of financial reporting process, internal control system and risk management process and the internal audit function. The ARM Committee comprising solely of Independent Directors is chaired by Mr. Fung Hiuk Bing.

The ARM Committee is a merged committee when the Audit Committee and the Risk Management Committee were combined on 22 January 2018. Any reference to the ARM Committee in this Annual Report shall also mean the relevant Audit Committee or Risk Management Committee in the context to which it applies prior to the merging of these committees.

(see the section on "Audit & Risk Management Committee Report" of this Annual Report for further details)

b. Nomination & Remuneration Committee ("NR Committee")

The NR Committee oversees the process of recruiting and appointment of Directors, evaluating the performance of the Board and reviewing the remuneration of the Directors. The NR Committee comprising solely of Independent Directors is chaired by Mr. Wong Peng Mun.

The NR Committee is a merged committee when the Nomination Committee and the Remuneration Committee were combined on 22 January 2018. Any reference to the NR Committee in this Annual Report shall also mean the relevant Nomination Committee or Remuneration Committee in the context to which it applies prior to the merging of these committees.

(see the section on "Nomination & Remuneration Committee Report" of this Annual Report for further details)

These Board 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 Board Committees' terms of reference are 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 to the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A2 CLEAR ROLES AND RESPONSIBILITY OF THE BOARD

A2.1 Demarcation of Responsibilities

There is a clear distinction between the roles and responsibilities of the Board, Board Committees, individual Directors and management. The primary role of the Board is to lead the Company and promote the long term success of the Company and the oversight of the management. 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 Board Committees are established with specific tasks to assist the Board in the discharge of its oversight function.

Their respective responsibilities, authorities and expectations are encapsulated in the Board Charter of the Company.

<u>Board Charter</u>

The Board Charter provides guiding principles for the Board to achieve the objectives of the Company and serves as a reference point for the Board's activities by setting out the Board's strategic intent, authority and terms of reference.

In the Board Charter, the Board has established clear functions in respect of the role and responsibilities of the Board, Board Committees, individual Directors and management. It also provides insights and guidance on the roles and responsibilities of the Chairman, Managing Director and Independent Directors. The Board Charter also specifies the key issues and decisions that are reserved for the Board.

The Board Charter which is reviewed periodically is available on the Company's website at www.teckguan.com/tgp.

A2.2 Board Leadership

The Board duly acknowledged that it bears the collectively responsibility for the leadership, oversight, control, development and sustainable growth of the Group as well as inculcating the appropriate culture and values throughout the organization.

In performing its role in leading the Company, the Board is responsible for setting the strategic direction & goals and directs the policies, strategic action plans and stewardship of the Group's resources with the aim to achieve those goals. Where strategic planning, key decisions, policies and values are reserved for the Board, the Board delegates to the management the authority and responsibility for the day-to-day operations and affairs of the Company.

A2.3 Board Oversight

The Board oversight functions concerns the review of the management performance in which the Board is assisted by the ARM Committee that provides effective oversight of the management performance, risk assessment, controls over business operations and corporate governance. The Board, at its quarterly 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 OVERVIEW STATEMENT

A2.4 Board Values

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture as it recognises that the Company's culture is largely shaped by its leadership. In recognising the need to have clear policies on what is considered acceptable behaviour and practice, the Company has adopted the following :

a. Code of Ethics and Conducts

The Code of Ethics and Conduct of the Company outlines 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.

b. Whistleblowing Policy

The Whistleblowing Policy is to assists and ensures that the Company's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees or external parties to disclose suspected malpractice or misconduct and to provide protection to employees or external parties who report allegations of such practices.

A3 BOARD PROCESS

A3.1 Recruitment and Appointment Process

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing Board members, management or major shareholders. The Board may also utilises independent sources to identify suitably qualified candidates.

The NR Committee is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. The NR Committee is also authorised by the Board through its Terms of Reference to utilise independent sources (such as any available directors' registry, industry and professional associations, open advertisements or independent search firms) to identify suitable qualified candidates for directorship, where required and necessary.

The NR 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 NR 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 MMLR.

The decision as to who should be appointed is the responsibility of the full Board after considering the recommendation of the NR 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 NR Committee shall ensure all new directors participate in the board induction and training programmes as stipulated by the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In this reporting period, the appointment of the new Executive Director was nominated by an existing Board member and her nomination was first considered by the NR Committee and then recommended to the Board for approval.

The NR Committee having considered the present Board size and balance, has not proposed or seek any candidate from independent sources for additional non-executive director position.

A3.2 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 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.

The performance of those Directors who are subject to re-election at the forthcoming AGM are assessed by the NR Committee whereupon recommendations are submitted to the Board for decision on the tabling of the proposed 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. Wong Peng Mun and Ms. Hong Dunn Yee.

A3.3 Board Evaluation

The Board regularly evaluates its performance and the governance processes that support the Board's work with the aim to improve individual contributions, effectiveness of the Board and the Board Committees. The annual evaluation conducted internally through a formal process, involves the Directors completing a set of assessment questionnaires and submitting the results to the NR Committee for review who then reports the outcome of the evaluation to the Board for further consideration.

The effectiveness of the Board is assessed by all the Directors in terms of composition with regard to size and balance, mix of skills, governance, competencies, duties and responsibilities. The Board also assessed whether it has established the appropriate Board Committees to undertake the mandate from the Board. And also, all the Directors assessed the Board Committees on the adequacy of the terms of reference, composition, credentials of the members and appointment of committee chair, reporting process and responsibilities. In addition, each Board Committee has conducted self-assessment on the adequacy of its charter, role, responsibilities, functions, process and procedures in determining how the respective Board Committees had performed.

An assessment was also conducted on each and every Director involving self and peer review, where each individual Director will assessed his/her own performance and that of his/her fellow Directors in the area of integrity & ethics, governance, strategic perspective, judgement & decision making, teamwork, communication and leadership. These relate directly to areas in which a Director would be expected to contribute to the effectiveness of the Director individually and the Board as a whole.

The Directors who are the Independent Directors are further assessed on their independence and objectivity where the evaluation took into account the individual Director's ability to exercise jugdement at all times and that such Director continue to comply with the definition of "Independent Director" as stipulated in the MMLR.

In addition, all the Directors, saved for the respective Chairman and Managing Director where he is the subject of evaluation, were required to assess the performance of the Board Chairman and the Managing Director. The Chairman was assessed on his role and performance in leadership, working relationship, commitment and governance, whereas the Managing Director was assessed on areas such as leadership, communication, strategic planning, operational management and implementation of policies.

The Board is satisfied with the results of the annual assessment on the effectiveness of the Board and that its composition in terms of size, balance between Executive and Independent Directors and mix of skills is adequate. The Board is also satisfied with the Board Committees having discharged their duties and responsibilities effectively; the performance of the individual Directors, the Chairman and the Managing Director; and that all the Independent Directors remain objective and independent.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A3.4 Information and Support for Directors

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 at least one week before the meeting 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, whether as a full board or in their individual capacity, which is necessary for discharge of it responsibilities and may obtain independent professional advice at the Company's expense in furtherance of their duties.

The Company 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 that 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.

A3.5 Board Induction and Training

New appointees to the Board are given an introduction to familiarise with the Company's corporate governance, culture and business operations as it is vital for new members to orientate themselves in new environment in order to contribute to the Board. Ms. Hong Dunn Yee, the new member to the Board was duly given an induction session on the Company's corporate information, governance framework, the business operation and performance to assist her in discharging her duties and responsibilities.

All the Directors have completed the Mandatory Accreditation Program (MAP) as required by the MMLR for first time directors of listed issuer. The Directors of the Company continuously update and upgrade their knowledge and exposure through attending training, seminars, conferences, trade fairs and conventions and have attended the following during the financial year :

Mr. Tham Vui Vun
- Integrating latest Companies Act 2016 with Bursa Malaysia
- The Revised Auditors Report – New & Revised Int. Standards on Auditing & Related Conforming Amendments on Auditors Report
- Mastering GST Audits – A Comprehensive Guide to Preparing for GST Audits and GST Tax Risks Management
- National Tax Conference 2017
- Accounting For GST – A Complete Guide to Accounting for GST in Malaysia
- GST Audits & Investigations
- Companies Act 2016 – Mastering the Impact on Accounting Matters and Preparation of Financial Statements
- Seminar Percukaian Kebangsaan 2017
- The 2018 Budget Seminar
- Know the Process, Know your Rights: Tax Does Not Have to be Taxing
- Practical Auditing Methodology for SMPs

Datuk Hong Ngit Ming
- Integrating latest Companies Act 2016 with Bursa Malaysia
- Palm & Lauric Oils - Price Outlook Conference 2017
- Palm International Nutra Cosmeceutical Conference 2017

Ms. Hong Dunn Yee
- Mandatory Accreditation Programme

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Mr. Fung Hiuk Bing

- Integrating latest Companies Act 2016 with Bursa Malaysia
- Are You Ready for the Companies Act 2016? - Key revamp updates with tax planning elements
- Essentials of Corporate Taxation - A Legal and Practical Approach (with Budget 2017 Updates)
- Real Property Gains Tax (RPGT) - Implications and Exemptions
- Corporate Tax Issues For 2017
- Recent Updates on Tax Audit and Investigation
- Tax Audits and Investigations
- Effective Usage Of Double Taxation Agreements In Minimising Withholding Tax Impact
- Companies Act 2016 - Mastering the Impact on Accounting Matters and Preparation of Financial Statements
- The Revised Auditors Report for Private Entities-New & Revised Int. Standards on Auditing & Related Conforming Amendments on Auditors Reports
- GST Audits & Investigations
- Seminar Percukaian Kebangsaan 2017
- The 2018 Budget Seminar
- Know the Process, Know your Rights: Tax Does Not Have to be Taxing
- Practical Auditing Methodology for SMPs

Mr Wong Peng Mun

- Seminar on Closing of Companies and Limited Liability and Partnership
- Integrating latest Companies Act 2016 with Bursa Malaysia
- Seminar on Registration of Company and its Constitution
- Mastering GST Audits – A Comprehensive Guide to Preparing for GST Audits and GST Tax Risks Management

A4 REMUNERATION

A4.1 Remuneration Policy

The Board recognises that the level and composition of remuneration of Directors and senior management should take into account the Company's desire to attract and retain the right talent in the Board and senior management to drive the company's long-term objectives.

Therefore the Company has in place policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The objective of the Company's remuneration policy is to attract and retain the Directors and senior management required to lead and control the Group effectively. In the case of Executive Directors and senior management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

Furthermore, in line with the MMLR, the salaries payable to the Executive Directors do not include a commission or percentage of turnover, while fees payable to the Independent Directors take the form of a fixed sum and not a commission or percentage of profits or turnover. In compliance with the provisions of the Companies Act 2016, the fees and any benefits payable to Directors are subject to annual approval at general meetings.

The process of reviewing and recommending matters relating to the remuneration of the Board is undertaken by the NR Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A4.2 Disclosure of Remuneration

The Board acknowledged that disclosure of remuneration of the Directors and senior management on an individual basis provides transparency and enable the stakeholders to assess whether the remuneration commensurate with their individual performance, taking into consideration of the Company's performance. However, the Board also understand that such disclosure at employee level for senior management have to be considered in terms of how its affect the dynamics of the workforce internally which may yield unintended outcome among the employees, who themselves are part of the Company's stakeholders, and for this reason has not adopted any disclosure of such employees' remuneration.

The remuneration of the Directors of the Company for the reporting financial year is as follow:

	Fees	Salaries & Allowances	Bonuses	Other*	Total
Datuk Hong Ngit Ming	-	183,912	14,826	22,769	221,507
Ms. Hong Dunn Yee	-	20,196	5,049	2,732	27,977
Mr. Fung Hiuk Bing	18,000	-	-	-	18,000
Mr. Tham Vui Vun	18,000	-	-	-	18,000
Mr. Wong Peng Mun	18,000	-	-	-	18,000
	54,000	204,108	19,875	25,501	303,484

* *Others consist of contributions to defined contribution plan, social security and employment insurance scheme*
** *None of the Directors received any remuneration from the subsidiaries of the Company*

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

B1 AUDIT & RISK MANAGEMENT COMMITTEE

B1.1 Integrity in Financial Reporting

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.

To enable the Board to objectively review the Company's financial statement so as to ensure that it is a reliable source of information, the Board has establish the ARM Committee to 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.

In ensuring that the ARM Committee remains effective and independent, the said Committee comprises solely of Independent Directors and that it is not chaired by the Board Chairman nor does the present ARM Committee has any former key audit partner as its member. All members of the ARM Committee are financially literate and are able to understand matters under the purview of the Committee including financial reporting process and has undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

In addition, the ARM Committee has oversight of the following :

CORPORATE GOVERNANCE OVERVIEW STATEMENT

External Auditors

Through the ARM 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 ARM 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 ARM Committee and the external auditors are set out in the section on "Audit & Risk Management Committee Report" of this Annual Report.

The ARM Committee has considered the non-audit services provided by the external auditors during the reporting financial year. The ARM Committee had concluded that these services have not compromised the external auditors' independence and objectivity as the amount of non-audit fee paid was not significant as compared to the total fees paid/payable. The fees for such non-audit services as referred to in the table below comprising mainly on the review of the statement on risk management and internal control.

The amount of audit and non-audit fees incurred for services rendered by the external auditors during the financial year are as follows :-

Amount in RM	Company	Group
Audit Fees	42,000	85,000
Non-Audit Fees	6,000	6,000

The ARM Committee has also obtained 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 ARM 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 recommends the re-appointment of the external auditors to the shareholders at the forthcoming Annual General Meeting.

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. At present, Ms Lee Yen Lan from the internal audit department, who is adequately qualified, reports directly to the ARM Committee and she is free from any relationships or conflict of interest, which could impair her objectivity. The risk based internal audit plan that comprises internal audit coverage and scope of work are presented to the ARM Committee for approval annually, and the audit is conducted in accordance with recognised framework. Internal audit reports encompassing audit findings together with recommendations are presented to the ARM Committee during its quarterly meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B1.2 Managing Risk

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 ARM 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. The ARM Committee is assisted by the risk management facilitation unit that identifies key risks and reports to the ARM Committee on critical risk and coordinates with risk owners to propose action plan and the internal audit function reports on internal control issues identified. The ARM 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.

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.

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

C1 COMMUNICATION WITH STAKEHOLDERS

C1.1 Integrity in Corporate Reporting

The Company is committed to provide shareholders and other stakeholders with comprehensive, accurate and quality information on a timely and even basis. It adheres to the Corporate Disclosure Policy & Procedures in disseminating information to the stakeholders and the public at large.

This Policy which applies to all Company's Directors, management, officers and employees of the Group, 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. This policy covers the means and method of communication, persons responsible to communicate with stakeholders, handling and maintaining confidentiality of information, obligation to disclose material information on timely basis with a level of clarity and reliability, and that stakeholders and public at large shall have equal access to material information.

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.

C1.2 Timely and Regular Dissemination of Information

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 other stakeholders 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, 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, other stakeholders and the general public.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C2 GENERAL MEETINGS OF THE COMPANY

C2.1 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 by giving at least 28 days' notice prior to the 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 including the chair of the Board Committees, 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 these meetings.

C2.2 Voting

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.

CORPORATE GOVERNANCE REPORT

The Board recognizes 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 practices promoted by the Code. Save as disclosed within this Annual Report, the Company has, and will continue to apply the principles and practices as set out in the Code where practical and appropriate. The detailed application for each practice as set out in the Code is disclosed in the "Corporate Governance Report 2018" which is available on the Company's website at www.teckguan.com/tgp.

NOMINATION & REMUNERATION COMMITTEE REPORT

CONSTITUITION, COMPOSITION AND MEETINGS

The Board has established both the Nomination Committee and the Remuneration Committee as separate committees on 31 March 2003. On 22 January 2018, these two committees were combined into a merged committee called Nomination & Remuneration Committee ("NR Committee" or "the Committee") for a more streamline functions as an effective committee in view of the current Board size.

The composition of the NR Committee has complied with the requirements 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") and also applied the practice as set out in the Malaysian Code on Corporate Governance ("the Code") :

- 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 elect a chairman from amongst its member who is an independent director.

The membership and the number of meetings held for the reporting financial year together with the detail of attendance of each committee member are as follows :

a. The former Nomination Committee :

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr. Tham Vui Vun	Chairman	2	2	100%
Mr. Fung Hiuk Bing	Member	2	2	100%
Mr. Wong Peng Mun	Member	2	2	100%

b. The former Remuneration Committee :

Name of Independent Non-Executive Director	Committee Position	Number of Meetings		Attendance Record
		Attended	Held	
Mr. Tham Vui Vun	Chairman	2	2	100%
Mr. Fung Hiuk Bing	Member	2	2	100%
Mr. Wong Peng Mun	Member	2	2	100%

c. The present Nomination & Remuneration Committee:

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

NOMINATION & REMUNERATION COMMITTEE REPORT

The NR Committee has elected Mr. Wong Peng Mun as the new chairman of the merged committee and there were no changes to the composition of the NR Committee's members as at the date of this Annual Report.

OBJECTIVE, POWERS AND DUTIES

The principal functions of the NR Committee are to assist the Board primarily in :

- Board Recruitment, Appointment and Re-election Process – to identify, review and recommend candidatures for appointment to the Board and/or Board Committees; and to review the annual retirement of Directors by rotation and recommend the same for re-election by shareholders, including the review and recommending to the Board if the Company intends to seek shareholders' approval to retain an Independent Director to continue in that capacity beyond the 9 years prescribed limit by the Code.

- Board Composition and Performance Evaluation – to conduct annual evaluation on the performance of individual Directors and other key officers, Board Committees and the effectiveness of the Board as a whole including the Board size, balance and mix of skills.

- Board Remuneration – to review and recommend to the Board, the remuneration package of the Directors, both executives and non-executives, with due consideration to the individual Director's responsibilities and expertise, complexity of the Company's activities and is structured to align with the business strategy and long term objectives of the Company.

The NR Committee shall have the necessary resources to perform its duties and may obtain the assistance of internal management/ professional advice or independent professional advice where necessary. Furthermore, if there is a need, the NR Committee may utilise independent sources (such as any available directors' registry, industry and professional associations, open advertisements or independent search firms) to identify suitable candidates for directorship.

SUMMARY OF WORK OF THE NOMINATION & REMUNERATION COMMITTEE

The summary of work of the NR Committee during the reporting financial year herein shall also refers to the activities undertaken by the Nomination Committee and the Remuneration Committee prior to the merging of these committees.

a. Annual Evaluation of the Directors and the Board

The Company has conducted the annual evaluation exercise of the Board whereby the NR Committee reviewed the performance of the individuals Directors, the Board Committees and the effectiveness the Board including the its size, balance and mix of skills. Furthermore the NR Committee has also reviewed the performance of the Board Chairman, the Managing Director and evaluated the independence of the Independent Directors. The evaluation process and assessment criteria are disclosed in para A3.3 under section on 'Corporate Governance Overview Statement' of the Annual Report. Besides the evaluation carried out on the Directors, the Chief Financial Officer was also assessed on his competency, contribution and character and the results were submitted to the NR Committee for review during the year.

The NR Committee had reviewed the annual evaluation and reported the outcome to the Board accordingly in which the Board is satisfied with the overall results of the annual evaluation above.

b. Board Recruitment, Appointment and Re-election Process

During this reporting period, the NR Committee has reviewed and recommended the following to the Board:

i. the appointment of Ms. Hong Dunn Yee as a Director of the Company which was approved by the Board and she was duly appointed on 11 September 2017;
ii. to seek the re-election of Mr. Wong Peng Mun and Ms. Hong Dunn Yee in which Board has included these in the agenda at the forthcoming Annual General Meeting ("AGM"); and
iii. to retain Mr. Tham Vui Vun and Mr. Wong Peng Mun in the capacity as Independent Director, in which the Board has also included these in the agenda at the forthcoming AGM.

NOMINATION & REMUNERATION COMMITTEE REPORT

c. Board Remuneration

During the reporting period, the NR Committee had reviewed the remuneration package of the Executive Directors and the Directors' fee, in which the Board has proposed to seek shareholders' approval for the payment of the Directors fee for the next financial year, at the forthcoming AGM, whereas the detailed remuneration of the Executive Directors as well the Directors' fee for the current financial year are disclosed in para A4.2 under the section on "Corporate Governance Overview Statement" of this Annual Report.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUITION, COMPOSITION AND MEETINGS

The Board has established the Audit Committee and the Risk Management Committee on 15 June 1996 and 23 December 2003 respectively. On 22 January 2018, these two committees were combined into a merged committee called Audit & Risk Management Committee ("ARM Committee" or "the Committee") for a more streamline functions as an effective committee in view of the current Board size.

The composition of the ARM Committee (whether presently or formerly as 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") and also applied the practice as set out in the Malaysian Code on Corporate Governance ("the Code") :

- 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 chairman of the Committee is not the chairman of the Board

The membership and the number of meetings held for the reporting financial year together with the detail of attendance of each committee member are as follows :

a. The former Audit Committee :

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%

b. The former Risk Management Committee :

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

c. The present Audit & Risk Management Committee :

Name of Independent Non-Executive Director	Committee Position	Number of Meetings Attended	Number of Meetings Held	Attendance Record
Mr. Fung Hiuk Bing (MIA 11342*)	Chairman	1	1	100%
Mr. Tham Vui Vun (MIA 3667*)	Member	1	1	100%
Mr. Wong Peng Mun	Member	1	1	100%

* denotes the membership number of the Malaysian Institute of Accountants

The ARM Committee has elected Mr. Fung Hiuk Bing as the new chairman of the merged committee and there were no changes to the composition of the ARM Committee's members as at the date of this Annual Report.

OBJECTIVE, POWERS AND DUTIES

The principal objective of the ARM 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, internal control system and risk management process, corporate governance matters and compliance with laws and regulations.

The ARM 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 ARM 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 ARM Committee has a duty to report such matter to Bursa Malaysia.

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE

The summary of work of the ARM Committee during the reporting financial year herein shall also refers to the activities undertaken by the Audit Committee and Risk Management Committee prior to the merging of these committees .

1. **Oversight of the Financial Reporting Process**

During the financial year, the ARM 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 ARM Committee had focused on the following key areas:

- changes in or implementation of major accounting policy changes;
- 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; and
- any significant adjustment arising from audit.

The ARM 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 ARM Committee had also noted that the Financial Statements were released or announced within the time stipulated in the MMLR .

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

2. Oversight of the External Audit Function

The ARM 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 the proposed audit fees.

The ARM 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 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 ARM 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 reporting financial year, the ARM 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 ARM 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.

The ARM Committee has also carried out an annual assessment of the internal audit function, obtained the confirmation of the Internal Auditors' organisational independence, the independence and objectivity of the Internal Audit team and conformance with recognised framework in carrying out the internal audit. It has also held a private meeting with the head of internal audit to discuss any audit issues without the presence of management.

The ARM 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. Oversight of Risk Management

The ARM Committee reviewed and reported to the Board accordingly on the quarterly meetings held to review key risks, and measures undertaken by the Group to address such risks that are likely to affect the core business of the Group.

5. Other Oversight Activities

5.1 Related Party Transactions

The ARM 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 reporting financial year, the ARM Committee reviewed the related party transactions and adequacy of the Group's procedures and processes in indentifying, 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 shareholders' mandate and shareholders' mandate for additional Recurrent Related Party Transactions and recommended the same for Board approval.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

5.2 Annual Report

The ARM Committee reviewed and recommended the "Audit & Risk Management Committee Report" and the "Statement on Risk Management and Internal Control" in respect of the financial year ended 31 January 2018 to the Board for consideration and approval for inclusion in the Annual Report.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

In discharging the ARM Committee's duties and responsibilities, the ARM 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 RM52,000.

The ARM 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% or more;
- risk based auditing covering internal controls and procedures on oil palm field operation, accounting system and human resource particularly on compliance with procedures on payment of wages; and
- independent report on interim physical stock conducted during the financial year.

During the reporting financial year, the Internal Auditors has also submitted the annual Internal Audit Plan to the ARM Committee for review and approval and has also conducted self-assessment on the internal audit department and submitted its result to the ARM 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 2018. This is in accordance with the guidelines as contained in the publication "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers".

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 helps 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. During the financial year under review, the Risk Management Committee merged with the Audit Committee and renamed Audit & Risk Management Committee ("ARM Committee"). The ARM Committee is assisted by the Risk Management Facilitation Unit that identifies key risks and reports to the ARM Committee on critical risk and coordinates with risk owners to propose action plan. The ARM 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 ARM Committee monitors the effectiveness of the entire Group's system of internal control. ARM Committee comprises all non-executive directors, all of whom are independent and holds regular meetings throughout the financial year. The current composition of members, with two who are members 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.
- ARM Committee reviews and approves the yearly Audit Plan;
- ARM 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 ARM Committee on internal control issues identified. The ARM 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;
- 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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 ARM 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 weaknesses were 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 disclosure 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirment of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management & Internal Control pursuant to the scope set out in Recommended Practice Guide (RPG) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Group for the year ended 31 January 2018, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material aspects: has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

RPG 5 does not require the external auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems including the assessment and opinion by the Directors and management thereon. This report from the external auditor was made solely for, and directed solely to the Board in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

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 2018 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. UTILISATION OF PROCEEDS

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

2. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

During the financial year under review, save as disclosed in para 3 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.

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

At the last Annual General Meeting of the Company held on 22 June 2017, 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 reporting financial year 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.

4. EMPLOYEE SHARE SCHEME

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

SUSTAINABILITY STATEMENT

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 Overview Statement" of this Annual Report.

The Group is dedicated to continuously improve its sustainability related initiatives and hence, will review and monitor its sustainability initiatives 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 initiatives on sustainability matters 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 2018

Total Number of Issued Shares	:	40,096,902
Issued Share Capital	:	RM40,103,902
Class of Shares	:	Ordinary
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size Of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	5	0.41	19	0.00
100 - 1,000	161	13.16	116,301	0.29
1,001 - 10,000	847	69.26	3,207,000	8.00
10,001 - 100,000	189	15.45	5,821,900	14.52
100,001 - 2,004,844 (less than 5% of issued shares)	20	1.64	6,974,700	17.39
≥ 2,004,845 (5% and above of issued shares)	1	0.08	23,976,982	59.80
TOTAL	1,223	100.00	40,096,902	100.00

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	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

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

** 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)

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

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.	Tan Jin Tuan	567,000	1.41
5.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Kian Hong	513,000	1.28
6.	Kenanga Nominees (Tempatan) Sdn Bhd Ho Phea Keat	383,700	0.96
7.	Te Kim Leng	300,000	0.75
8.	Chor King Chun	278,500	0.69
9.	Choo Sai Hooi	260,000	0.65
10.	Tan Jin Tuan	229,900	0.57
11.	Chew Lim Cheong @ Hong Thiam Soon	200,000	0.50
12.	Chor King Chun	146,000	0.36
13.	Chong Thin Tuck	137,000	0.34
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd / Pledged Securities Account for Soon Mui Yen @ Soon Nyuk Hen	130,000	0.32
15.	UOBM Nominees (Asing) Sdn Bhd CBP Quilvest Trust Ltd for The Sipadan Trust	120,000	0.30
16.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gim Leong	118,300	0.30
17.	Siaw Teck Hwa	114,900	0.29
18.	Gan Song Kee	110,000	0.27
19.	Tan Kim Huat & Sons Motor Sdn Berhad	110,000	0.27
20.	Hong Kim Eng	108,000	0.27
21.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Ho Yit Fatt	105,200	0.26
22.	Hong Ying Ying	100,000	0.25
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kong Fui	100,000	0.25
24.	Tan Kim Huat & Sons Holdings Sdn Bhd	100,000	0.25
25.	Teoh Hock Soon	100,000	0.25
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Chey Yow Choi	99,900	0.25
27.	Jimmy Pang Kia Lock	95,200	0.24
28.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Hong Peck Joo	94,400	0.24
29.	Hong Lee Fen	90,000	0.22
30.	Public Invest Nominees (Asing) Sdn Bhd Exempt An for Phillip Securities Pte Ltd	84,000	0.21
	Total	31,815,182	79.35

LIST OF PROPERTIES

AS AT 31 JANUARY 2018

Item No.	Location	Tenure (Date of Expiry)	Land Area/ Build up Area sq.m	Existing use/ Description	Net Book Value As At 31-Jan-18 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	33,054,197	23	40	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	7,715,890	-	54	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	2,100,549	-	55	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	661,313	-	51	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	4,506,289	-	55	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	155,360	-	61	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	9,828,409	4	53	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	2,819,006	-	60	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	12,687,790	23	884	Land - Comparison Method Land : RM7,540,000 (May 2015) Building - Depreciated Replacement Cost Method Building : RM5,630,000 (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	7,433,265	40	884	Land - Comparison Method Land : RM5,760,000 (May 2015) Building - Depreciated Replacement Cost Method Building : RM2,090,000 (May 2015)

FINANCIAL STATEMENTS

For the Financial Year Ended 31 January 2018

DIRECTORS' 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 2018.

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.

Other information relating to the subsidiaries are disclosed in Note 15 to the financial statements.

RESULTS

	Group RM	Company RM
Loss net of tax	(1,795,729)	(2,479,591)
Loss attributable to:		
Owners of the Company	(1,795,729)	(2,479,591)

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:

Tham Vui Vun – Chairman
Datuk Hong Ngit Ming – Managing Director
Wong Peng Mun
Fung Hiuk Bing
Hong Dunn Yee (appointed on 11 September 2017)

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:

Ozie Hong (appointed on 11 September 2017)
Ng Liong @ Ng Leong Yen (resigned on 12 September 2017)
Mapahita Bin Tahir (resigned on 12 September 2017)

DIRECTORS' 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 below) 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.

The directors' benefits are as follows:

	Group RM	Company RM
Salaries and other emoluments	213,026	204,108
Bonus	21,835	19,875
Contributions to defined contribution plan	25,685	24,624
Social security contributions	1,015	869
Employment insurance scheme	12	8
Fees	54,000	54,000
	315,573	303,484

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:

The Company	Number of ordinary shares 1.2.2017	Acquired	Sold	31.1.2018
Indirect interest: Datuk Hong Ngit Ming	25,978,182	-	-	25,978,182

Holding company - HTG Holdings Sdn. Bhd.	Number of 10% cumulative preference shares 1.2.2017	Acquired	Sold	31.1.2018
Direct interest: Datuk Hong Ngit Ming	100,000	-	-	100,000

The other directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

HOLDING COMPANY

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

DIRECTORS' REPORT

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:

(i) 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

(ii) 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:

(i) 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

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(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.

AUDITORS AND AUDITORS REMUNERATIONS

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

Auditors' remunerations of the Group and of the Company for the financial year amounted to RM85,000 and RM42,000 respectively.

INDEMNITIES TO DIRECTORS, OFFICERS OR AUDITORS

There were no indemnities given to or insurance effected for directors, officers or auditors of the Company during the financial year.

Signed on behalf of the Board in accordance witth a resolution of the directors dated 8 May 2018.

Datuk Hong Ngit Ming

Tham Vui Vun

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Hong Ngit Ming and Tham Vui Vun, 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 57 to 112 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 May 2018.

Datuk Hong Ngit Ming

Tham Vui Vun

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 57 to 112 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 abovenamed **Chong Nyet Wui**
at Tawau in the State of Sabah
on 8 May 2018

Chong Nyet Wui
(MIA 4936)
Chief Financial Officer

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 2018 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 57 to 112.

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 2018, 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the 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.

Recognition of related party transactions, including revenue recognition

About 50% of the Group's current year's revenue from the sale of crude palm kernel oil, oil palm fresh fruit bunches, chocolate products and cocoa powder, and a significant amount of the Group's purchases of palm kernel are with related parties. These include the sale of crude palm kernel oil to Teck Guan (China) Ltd, which is a subsidiary of HTG Holdings Sdn. Bhd., the Company's holding company. Related party transactions, particularly those not at arm's length terms, may affect assessments of the Group's operations. There is also a risk that such related party transactions, if not at arm's length or not reflecting the goods transferred in the appropriate period, could be used to manipulate earnings or to distribute profits to the Company's holding company. Due to the above and due to the significance of the related party transactions, we considered this to be a key audit matter.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

Key audit matters (continued)

Our audit procedures included the evaluation of 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. In addition, we also considered the adequacy of the related party disclosures in Note 26 to the financial statements.

With respect to revenue recognition our procedures included:
- Reviewing the basis in arriving at the negotiated selling prices between the Group and Teck Guan (China) Ltd for the current year;
- Evaluating the appropriateness of the accounting based on the terms and conditions in sales contracts;
- Agreeing on a sample basis to delivery documents; and
- Performing revenue cut-off testing

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)

Auditors' responsibilities for the audit of the financial statements (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 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

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

Tawau, Malaysia
8 May 2018

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	4	387,915,308	377,311,078	756,000	756,000
Cost of sales	5	(371,334,980)	(348,679,267)	(1,039,311)	(1,030,093)
Gross profit/(loss)		16,580,400	28,631,811	(283,311)	(274,093)
Other item of income					
Other operating income	6	2,343,967	4,672,392	576,368	449,238
Other items of expense					
Administrative expenses		(16,047,703)	(16,066,125)	(198,630)	(217,873)
Other expenses		(2,265,493)	-	-	(2,230,760)
Finance costs	7	(2,179,845)	(1,950,372)	(2,548,342)	(2,125,770)
(Loss)/profit before tax	8	(1,568,674)	15,287,706	(2,453,915)	(4,399,258)
Income tax expense	11	(227,055)	(3,307,492)	(25,676)	(5,673)
(Loss)/profit net of tax		(1,795,729)	11,980,214	(2,479,591)	(4,404,931)
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		(1,795,729)	11,980,214	(2,479,591)	(4,404,931)
(Loss)/profit attributable to:					
Owners of the Company		(1,795,729)	11,980,214	(2,479,591)	(4,404,931)
Total comprehensive (loss)/profit attributable to:					
Owner of the Company		(1,795,729)	11,980,214	(2,479,591)	(4,404,931)
(Loss)/earnings per share attributable to owners of the Company (sen per share):					
Basic	12	(4.48)	29.88		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Assets					
Non-current assets					
Property, plant and equipment	13	51,855,638	53,681,723	6	6
Biological assets	14	40,782,869	44,881,220	-	-
Investment in subsidiaries	15	-	-	30,064,430	30,064,430
Deferred tax assets	16	4,704	4,704	4,704	4,704
		92,643,211	98,567,647	30,069,140	30,069,140
Current assets					
Inventories	17	47,991,114	54,456,311	-	-
Trade and other receivables	18	11,350,564	11,023,284	9,988,407	3,629,143
Tax recoverable		1,223,220	58,913	69,389	58,913
Cash and bank balances	19	52,960,470	24,082,171	696,869	390,824
Derivatives	20	156,193	34,924	-	-
		113,681,561	89,655,603	10,754,665	4,078,880
Total assets		206,324,772	188,223,250	40,823,805	34,148,020
Equity and liabilities					
Current liabilities					
Loans and borrowings	21	68,374,271	51,902,779	-	-
Trade and other payables	22	20,325,336	14,862,156	42,346,700	33,191,324
Income tax payable		1,095,206	1,074,540	-	-
		89,794,813	67,839,475	42,346,700	33,191,324
Net current assets/(liabilities)		23,886,748	21,816,128	(31,592,035)	(29,112,444)
Non-current liability					
Deferred tax liabilities	16	15,410,604	17,468,691	-	-
Total liabilities		105,205,417	85,308,166	42,346,700	33,191,324
Net assets/(liabilities)		101,119,355	102,915,084	(1,522,895)	956,696
Equity attributable to owners of the Company					
Share capital	23	40,103,902	40,096,902	40,103,902	40,096,902
Share premium		-	7,000	-	7,000
Asset revaluation reserve	24	51,380,826	54,522,163	-	-
Retained earnings/ (accumulated losses)		9,634,627	8,289,019	(41,626,797)	(39,147,206)
Total equity		101,119,355	102,915,084	(1,522,895)	956,696
Total equity and liabilities		206,324,772	188,223,250	40,823,805	34,148,020

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 2018

	← Attributable to owners of the company →				
		← Non-distributable		→	Distributable
	Equity, total	Share capital	Share premium	Asset revaluation reserve	Retained earnings
		(Note 23)		(Note 24)	
Group	RM	RM	RM	RM	RM
Opening balance at 1 February 2017	102,915,084	40,096,902	7,000	54,522,163	8,289,019
Loss net of tax	(1,795,729)	-	-	-	(1,795,729)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	(1,795,729)	-	-	-	(1,795,729)
Asset revauation realised upon depreciation charged	-	-	-	(3,141,377)	3,141,377
Transition to no-par value regime	-	7,000	(7,000)	-	-
Closing balance at 31 January 2018	101,119,355	40,103,902	-	51,380,826	9,634,627
Opening balance at 1 February 2016	90,934,870	40,096,902	7,000	57,663,540	(6,832,572)
Profit net of tax	11,980,214	-	-	-	11,980,214
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	11,980,214	-	-	-	11,980,214
Asset revauation 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

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 2018

	Equity, total	Share capital (Note 23)	Share premium	Accumulated losses
		← Non-distributable		→
Company	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 February 2017	956,696	40,096,902	7,000	(39,147,206)
Loss net of tax	(2,479,591)	-	-	(2,479,591)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(2,479,591)	-	-	(2,479,591)
Transition to no-par value regime	-	7,000	(7,000)	-
Closing balance at 31 January 2018	(1,522,895)	40,103,902	-	(41,626,797)
Opening balance at 1 February 2016	5,361,627	40,096,902	7,000	(34,742,275)
Loss net of tax	(4,404,931)	-	-	(4,404,931)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(4,404,931)	-	-	(4,404,931)
Closing balance at 31 January 2017	956,696	40,096,902	7,000	(39,147,206)

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Operating activities					
(Loss)/profit before tax		(1,568,674)	15,287,706	(2,453,915)	(4,399,258)
Adjustments for:					
Amortisation of biological assets	8	4,150,620	4,150,620	-	-
Gain on disposal of property, plant and equipment	6	(1,486)	(15,999)	-	-
Depreciation of property, plant and equipment	8	1,924,328	2,067,606	-	-
Property, plant and equipment written off	8	515	215,818	-	-
Impairment loss on property, plant and equipment	8	-	170,090	-	-
Impairment loss on investment in subsidiaries	8	-	-	-	2,230,760
Interest expense	7	2,179,845	1,950,372	2,548,342	2,125,770
Interest income	6	(514,032)	(411,312)	(576,368)	(449,227)
Inventories written down	8	-	95,616	-	-
Net unrealised fair value gain on forward currency contracts	6	(121,269)	(34,924)	-	-
Net unrealised loss/(gain) on foreign exchange	8	2,265,493	(928,772)	-	-
Total adjustments		9,884,014	7,259,115	1,971,974	3,907,303
Operating cash flows before changes in working capital		8,315,340	22,546,821	(481,941)	(491,955)
Changes in working capital:					
Inventories		6,465,197	(16,550,002)	-	-
Trade and other receivables		(341,028)	(4,767,462)	(6,359,264)	(2,340,567)
Trade and other payables		6,100,135	4,420,932	9,155,376	4,871,425
Total changes in working capital		12,224,304	(16,896,532)	2,796,112	2,530,858
Cash flows generated from operations		20,539,644	5,650,289	2,314,171	2,038,903
Interest paid		(2,179,845)	(1,950,372)	(2,548,342)	(2,125,770)
Interest received		514,032	411,312	576,368	449,227
Income tax paid		(3,428,783)	(5,779,065)	(36,152)	(494,621)
Net cash flows generated from/(used in) operating activities		15,445,048	(1,667,836)	306,045	(132,261)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2018 (continued)

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Investing activities					
Proceeds from disposal of property, plant and equipment		3,444	16,000	-	-
Acquisition of property, plant and equipment	13	(100,716)	(153,772)	-	-
Acquisition of biological assets	14	(52,269)	(46,634)	-	-
Net cash flows used in investing activities		(149,541)	(184,406)	-	-
Financing activities					
Drawdown of letter of credit		63,992,672	63,841,872	-	-
Repayment of letter of credit		(57,901,935)	(70,614,301)	-	-
Proceeds from bankers' acceptances		216,694,000	175,175,000	-	-
Repayment of bankers' acceptances		(206,269,000)	(152,693,000)	-	-
Repayment of term loan		-	(9,695,069)	-	-
Net cash flows generated from financing activities		16,515,737	6,014,502	-	-
Net increase/(decrease) in cash and cash equivalents		31,811,244	4,162,260	306,045	(132,261)
Effect of exchange rate changes on cash and cash equivalents		(2,888,700)	936,461	-	-
Cash and cash equivalents at beginning of year		23,723,392	18,624,671	390,824	523,085
Cash and cash equivalents at end of year	19	52,645,936	23,723,392	696,869	390,824

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2018

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 2017 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 2017, the Group and the Company adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 February 2017.

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
Annual Improvements to FRS Standards 2014-2016 Cycle - Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12	1 January 2017

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 these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 21, the application of these amendments has had no impact on the Group's and on the Company's financial statements.

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.

The application of these amendments has had no impact on the Group and on the Company as the Group and the Company already assess the sufficiency of future taxable profits in a way that is consistent with these amendments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Annual Improvements to FRS Standards 2014-2016 Cycle

Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group as none of the Group's interest in these entities are classified, or included in a disposal group that is classified, as held for sale.

2.3 Malaysian Financial Reporting Standards ("MFRS Framework")

The Group will be required to prepare 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 property, plant and equipment, biological assets, deferred tax and retained earnings.

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases :

(a) Assessment and planning phase

This phase involves the following :

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
(ii) Evaluation of any training requirements; and
(iii) Preparation of a conversion plan.

The Group considers the assessment and planning phase to be complete as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to :

(i) develop training programs for the staff;
(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
(iv) develop disclosures required by the MFRS Framework.

The consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 January 2018 could be different if prepared under the MFRS Framework. Set out below are the Group's best estimates of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework as at the date of preparing these financial statements. However, the actual effects of transition to the MFRS Framework may differ from the estimates disclosed below due to the ongoing assessment being undertaken by the Group's project team.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

(a) Reconciliation of equity as at 1 February 2017 (date of transition)

Group	As at 1 February 2017 Under FRS		Adjustments	As at 1 February 2017 Under MFRS
	RM	Note	RM	RM
Assets				
Non-current assets				
Property, plant and equipment ("PPE")	53,681,723	(i)	44,881,220	98,562,943
Biological assets	44,881,220	(i) (ii)	(44,881,220)	-
Deferred tax assets	4,704			4,704
	98,567,647			98,567,647
Current assets				
Biological assets	-	(iii)	605,437	605,437
Inventories	54,456,311			54,456,311
Trade and other receivables	11,023,284			11,023,284
Tax recoverable	58,913			58,913
Cash and bank balances	24,082,171			24,082,171
Derivatives	34,924			34,924
	89,655,603			90,261,040
Total assets	188,223,250			188,828,687
Equity and liabilities				
Current liabilities				
Loans and borrowings	51,902,779			51,902,779
Trade and other payables	14,862,156			14,862,156
Income tax payable	1,074,540			1,074,540
	67,839,475			67,839,475
Net current assets	21,816,128			22,421,565
Non-current liabilities				
Deferred tax liabilities	17,468,691	(iii)	145,305	17,613,996
Total liabilities	85,308,166			85,453,471
Net assets	102,915,084			103,375,216

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

(a) Reconciliation of equity as at 1 February 2017 (date of transition) (continued)

Group (continued)	As at 1 February 2017 Under FRS		Adjustments	As at 1 February 2017 Under MFRS
	RM	Note	RM	RM
Equity attributable to owners of the Company				
Share capital	40,096,902			40,096,902
Share premium	7,000			7,000
Asset revaluation reserve	54,522,163	(i)	(54,522,163)	-
Retained earnings	8,289,019	(i) (iii)	54,982,295	63,271,314
Total equity	102,915,084			103,375,216
Total equity and liabilities	188,223,250			188,828,687

(b) Reconciliation of equity as at 31 January 2018

Group	As at 31 January 2018 Under FRS		Adjustments	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
Assets				
Non-current assets				
Property, plant and equipment ("PPE")	51,855,638	(i)	40,782,869	92,638,507
Biological assets	40,782,869	(i) (ii)	(40,782,869)	-
Deferred tax assets	4,704			4,704
	92,643,211			92,643,211
Current assets				
Biological assets	-	(iii)	457,474	457,474
Inventories	47,991,114			47,991,114
Trade and other receivables	11,350,564			11,350,564
Tax recoverable	1,223,220			1,223,220
Cash and bank balances	52,960,470			52,960,470
Derivatives	156,193			156,193
	113,681,561			114,139,035
Total assets	206,324,772			206,782,246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

(b) Reconciliation of equity as at 31 January 2018 (continued)

Group (continued)	As at 31 January 2018 Under FRS		Adjustments	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
Equity and liabilities				
Current liabilities				
Loans and borrowings	68,374,271			68,374,271
Trade and other payables	20,325,336			20,325,336
Income tax payable	1,095,206			1,095,206
	89,794,813			89,794,813
Net current assets	23,886,748			24,344,222
Non-current liability				
Deferred tax liabilities	15,410,604	(iii)	109,794	15,520,398
Total liabilities	105,205,417			105,315,211
Net assets	101,119,355			101,467,035
Equity attributable to owners of the Company				
Share capital	40,103,902			40,103,902
Asset revaluation reserve	51,380,826	(i)	(51,380,826)	-
Retained earnings	9,634,627	(i) (iii)	51,728,506	61,363,133
Total equity	101,119,355			101,467,035
Total equity and liabilities	206,324,772			206,782,246

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

(c) Reconciliation of total comprehensive income for the year ended 31 January 2018

Group	As at 31 January 2018 Under FRS		Adjustments	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
Revenue	387,915,380			387,915,380
Cost of sales	(371,334,980)			(371,334,980)
Gross profit	16,580,400			16,580,400
Other item of income				
Other operating income	2,343,967	(iii)	457,474	2,801,441
Other items of expense				
Administrative expenses	(16,047,703)			(16,047,703)
Other expenses	(2,265,493)			(2,265,493)
Finance costs	(2,179,845)			(2,179,845)
Loss before tax	(1,568,674)			(1,111,200)
Income tax expense	(227,055)	(iii)	(109,794)	(336,849)
Loss net of tax	(1,795,729)			(1,448,049)
Other comprehensive Income	-			-
Total comprehensive loss for the year	(1,795,729)			(1,448,049)

Note

(i) As allowed by MFRS 1, First-time adoption of Malaysian Financial Reporting Standards Para 30, the Group has elected to use fair value in its opening MFRS statements of financial position as deemed cost for its plantation leasehold land, building and oil palm trees. The related assets revaluation reserve are transferred to retained earnings.

(ii) Upon adoption of MFRS 141, biological assets/bearer plants are within the scope of MFRS 16: Property, Plant and Equipment and the Group will measure the bearer plants using the cost model. Whereas the unripe fresh fruit bunch ("FFB") on bearer plant is within the scope of MFRS 141: Agriculture. The unripe FFB will be measured at fair value less cost to sell with the changes in fair value recognised in profit or loss and will be classified as current assets as the unripe FFB will be harvested within a year from the reporting date.

(iii) The biological assets of the Group comprise fresh fruit bunch ("FFB") to harvest. The valuation model to be adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.3 Malaysian Financial Reporting Standards ("MFRS Framework") (continued)

Company

Based on its assessment, the Company does not expect the application of MFRS to result in any impact on its statement of financial position and total comprehensive income for the year ending 31 January 2019.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2019.

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 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.

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%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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

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 a 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.

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.

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

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 as 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(a) Financial assets (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.11 Financial instruments (continued)

(b) Impairment of financial assets (continued)

(i) Trade and other receivables and other financial assets carried at amortised cost (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

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").

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

2.20 Income taxes (continued)

(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 statements of financial position.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Summary of significant accounting policies (continued)

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.

All assets and liabilities for which fair values in 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. 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.

Use of estimates and judgements

There were no significant areas of estimation uncertainty and critical judgement in applying accounting policies which may have a significant effect on the amounts recognised in the financial statements.

4. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of crude palm kernel oil	251,976,456	219,957,073	-	-
Sale of palm oil related products	93,515,813	119,600,569	-	-
Sale of palm kernel expeller	18,772,834	16,978,621	-	-
Sale of plantation produce	12,474,246	11,025,117	-	-
Sale of cocoa products	11,174,256	9,715,142	-	-
Sale of dried cocoa beans	1,775	34,556	-	-
Administrative fees from subsidiaries	-	-	756,000	756,000
	387,915,380	377,311,078	756,000	756,000

5. Cost of sales

Cost of goods sold	371,334,980	348,679,267	-	-
Cost of services rendered	-	-	1,039,311	1,030,093
	371,334,980	348,679,267	1,039,311	1,030,093

6. Other operating income

Interest income	514,032	411,312	576,368	449,227
Gain on disposal of property, plant and equipment	1,486	15,999	-	-
Gain on foreign exchange			-	-
- realised	515,943	2,166,858	-	-
- unrealised	-	928,772	-	-
Rental income	171,000	171,000	-	-
Net fair value gain on forward currency contracts				
- realised	34,924	-	-	-
- unrealised	121,269	34,924	-	-
Realised gain on commodity futures contracts	536,650	94,725	-	-
Miscellaneous	448,663	848,802	-	11
	2,343,967	4,672,392	576,368	449,238

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Finance costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
Bank overdrafts	-	1,965	-	50
Bankers' acceptances	2,179,845	1,822,206	-	-
Amounts due to related companies	-	-	2,548,342	2,125,720
Term loan and revolving credits	-	126,201	-	-
	2,179,845	1,950,372	2,548,342	2,125,770

8. (Loss)/profit before tax

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Employee benefits expense (Note 9)	6,228,692	5,816,310	947,085	956,095
Non-executive directors' remuneration (Note 10)	54,000	36,000	54,000	36,000
Amortisation of biological assets (Note 14)	4,150,620	4,150,620	-	-
Auditors' remuneration:				
- Statutory audits:				
- current year	85,000	80,000	42,000	39,000
- underprovision in previous years	5,000	5,000	3,000	2,000
- Other services	6,000	11,050	6,000	4,800
Depreciation of property, plant and equipment (Note 13)	1,924,328	2,067,606	-	-
Net (gain)/loss on foreign exchange:				
- realised	(515,943)	(2,166,858)	-	-
- unrealised	2,265,493	(928,772)	-	-
Impairment loss on property, plant and equipment (Note 13)	-	170,090	-	-
Property, plant and equipment written off	515	215,818	-	-
Inventories written down	-	95,616	-	-
Impairment loss on investment in subsidiaries	-	-	-	2,230,760
Rental expense:				
- equipment	88,156	84,060	9,790	9,900
- land and factory	2,193,288	2,193,288	-	-
- office	45,960	45,960	25,200	25,200

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. **Employee benefits expense**

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and allowances	5,769,499	5,369,445	849,410	851,221
Contributions to defined contribution plan	412,168	405,271	91,559	99,944
Social security contributions	46,617	41,594	6,071	4,930
Employment insurance scheme	408	-	45	-
	6,228,692	5,816,310	947,085	956,095

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM261,573 (2017: RM221,523) and RM249,484 (2017: RM218,955) respectively as disclosed in Note 10.

10. **Directors' remuneration**

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive:				
Salaries and other emoluments	213,026	183,732	204,108	181,332
Bonus	21,835	14,120	19,875	14,120
Contributions to defined contribution plan	25,685	23,363	24,624	23,207
Social security contribution	1,015	308	869	296
Employment insurance scheme	12	-	8	-
Total executive directors' remuneration (excluding benefits-in-kind)	261,573	221,523	249,484	218,955
Estimated monetary value of benefits-in-kind	-	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	261,573	221,523	249,484	218,955
Non-executive:				
Fees (Note 8)	54,000	36,000	54,000	36,000
	315,573	257,523	303,484	254,955

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	
	2018	2017
Executive directors:		
Less than RM50,000	1	1
RM50,001 to RM100,000	-	-
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 2018 and 2017 are:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	2,299,385	4,633,113	21,625	4,151
- (Over)/underprovision in respect of previous years	(14,243)	(5,443)	4,051	1,522
	2,285,142	4,627,670	25,676	5,673
Deferred income tax (Note 16):				
- Origination and reversal of temporary differences	(2,039,693)	(1,381,525)	-	-
- (Over)/underprovision in respect of previous years	(18,394)	61,347	-	-
	(2,058,087)	(1,320,178)	-	-
Income tax expense recognised in profit or loss	227,055	3,307,492	25,676	5,673

Reconciliation between tax expense and accounting (loss)/profit

The reconciliations between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 31 January 2018 and 2017 are as follows :

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Accounting (loss)/profit before tax	(1,568,674)	15,287,706	(2,453,915)	(4,399,258)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(376,482)	3,669,049	(588,940)	(1,055,822)
Adjustments:				
Non-deductible expenses	919,875	572,827	610,565	1,059,976
Income not subject to tax	(6,409)	(944,453)	-	(3)
Utilisation of previously unrecognised tax losses	(277,292)	(45,835)	-	-
(Over)/underprovision of current income tax in respect of previous years	(14,243)	(5,443)	4,051	1,522
(Over)/underprovision of deferred tax in respect of previous years	(18,394)	61,347	-	-
Income tax expense recognised in profit or loss	227,055	3,307,492	25,676	5,673

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Earnings per share

Basic earnings per share amounts are calculated by dividing (loss)/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 (loss)/profit and share data used in the computation of basic earnings per share for the years ended 31 January 2018 and 2017:

	Group	
	2018	2017
(Loss)/profit net of tax, attributable to owners of the Company (RM)	(1,795,729)	11,980,214
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic (loss)/earnings per share (sen)	(4.48)	29.88

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 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)
Reclassifications	(2,404,404)	-	2,479,165	-	(74,761)	-
At 31 January 2017 and 1 February 2017	48,340,143	1,139,044	40,601,951	1,344,701	-	91,425,839
Additions	-	-	11,748	13,734	75,234	100,716
Disposals	-	-	-	(81,903)	-	(81,903)
Written off	-	-	-	(4,846)	-	(4,846)
At 31 January 2018	48,340,143	1,139,044	40,613,699	1,271,686	75,234	91,439,806
Accumulated depreciation and accumulated impairment:						
At 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
Written Off	(523,897)	-	(774,040)	(75,218)	-	(1,373,155)
Reclassifications	(2,030,508)	-	2,030,508	-	-	-
At 31 January 2017 and 1 February 2017	3,477,824	858,774	32,388,797	918,721	-	37,744,116
Depreciation charge for the year (Note 8)	988,105	70,245	768,153	97,825	-	1,924,328
Disposals	-	-	-	(79,945)	-	(79,945)
Written Off	-	-	-	(4,331)	-	(4,331)
At 31 January 2018	4,465,929	1,029,019	33,156,950	932,270	-	39,584,168
Net carrying amount:						
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
At cost	3,572,166	110,025	7,456,749	339,416	75,234	11,553,590
At valuation	40,302,048	-	-	-	-	40,302,048
At 31 January 2018	43,874,214	110,025	7,456,749	339,416	75,234	51,855,638

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 2016	24,133,000	10,248,000	3,333,257	13,762,767	-	51,477,024
Written off	-	-	(93,478)	(638,999)	-	(732,477)
Reclassifications	-	-	2,441,974	(5,312,193)	465,815	(2,404,404)
At 31 January 2017 and 1 February 2017	24,133,000	10,248,000	5,681,753	7,811,575	465,815	48,340,143
Additions	-	-	-	-	-	-
At 31 January 2018	24,133,000	10,248,000	5,681,753	7,811,575	465,815	48,340,143
Accumulated depreciation:						
At 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
Written off	-	-	(93,474)	(430,423)	-	(523,897)
Reclassifications	-	-	1,811,536	(3,888,048)	46,004	(2,030,508)
At 31 January 2017 and 1 February 2017	229,693	263,289	2,439,460	490,062	55,320	3,477,824
Depreciation charge for the year	203,956	243,036	143,804	387,993	9,316	988,105
At 31 January 2018	433,649	506,325	2,583,264	878,055	64,636	4,465,929
Net carrying amount:						
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
At cost	-	-	3,098,489	72,498	401,179	3,572,166
At valuation	23,699,351	9,741,675	-	6,861,022	-	40,302,048
At 31 January 2018	23,699,351	9,741,675	3,098,489	6,933,520	401,179	43,874,214

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Property, plant and equipment (continued)

Company	Equipment, furniture and fixtures RM
Cost:	
At 1 February 2016, 31 January 2017, 1 February 2017 and 31 January 2018	16,258
Accumulated depreciation:	
At 1 February 2016, 31 January 2017, 1 February 2017 and 31 January 2018	16,252
Net carrying amount:	
At 31 January 2017 and 31 January 2018	6

The plantation leasehold land was revalued in January 2017, while other 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 2018 and 2017 would be as follows:

	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Total RM
Group				
At 31 January 2018				
Cost	3,978,479	5,013	8,185,673	12,169,165
Accumulated depreciation	(216,712)	(2,182)	(4,063,499)	(4,282,393)
Net carrying amount	3,761,767	2,831	4,122,174	7,886,772
At 31 January 2017				
Cost	3,978,479	5,013	8,185,673	12,169,165
Accumulated depreciation	(202,626)	(2,063)	(3,900,026)	(4,104,715)
Net carrying amount	3,775,853	2,950	4,285,647	8,064,450

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Biological assets

	2018 RM	2017 RM
Group		
Valuation		
At beginning of year	49,373,073	49,326,439
Additions	52,269	46,634
At end of year	49,425,342	49,373,073
Accumulated amortisation		
At beginning of year	4,491,853	341,233
Amortisation for the year (Note 8)	4,150,620	4,150,620
At end of year	8,642,473	4,491,853
Net carrying amount		
At end of year	40,782,869	44,881,220

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

At 31 January 2018, had the revalued biological assets of the Group been carried under the cost model, the net carrying amount would have been RM1,224,128 (2017: RM1,837,365).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Investment in subsidiaries

	Company 2018 RM	Company 2017 RM
Unquoted shares, at cost	37,563,852	37,563,852
Capital contribution	41,594,233	41,594,233
Less: Accumulated impairment losses	(49,093,655)	(49,093,655)
	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 2018	Proportion of ownership interest 2017	Principal activities
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, 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.

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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 2016	Recognised in profit or loss	As at 31 January 2017	Recognised in profit or loss	As at 31 January 2018
		(Note 11)		(Note 11)	
	RM	RM	RM	RM	RM
Deferred tax liabilities:					
Property, plant and equipment	10,818,265	(522,493)	10,295,772	(300,456)	9,995,316
Biological assets	11,750,663	(983,128)	10,767,535	(983,014)	9,784,521
	22,568,928	(1,505,621)	21,063,307	(1,283,470)	19,779,837
Deferred tax assets:					
Unutilised tax losses	(1,187,531)	111,686	(1,075,845)	(653,777)	(1,729,622)
Unabsorbed capital allowances	(2,531,306)	9,811	(2,521,495)	(122,044)	(2,643,539)
Others	(65,926)	63,946	(1,980)	1,204	(776)
	(3,784,763)	185,443	(3,599,320)	(774,617)	(4,373,937)
	18,784,165	(1,320,178)	17,463,987	(2,058,087)	15,405,900
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	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred tax assets	(4,704)	(4,704)	(4,704)	(4,704)
Deferred tax liabilities	15,410,604	17,468,691	-	-
	15,405,900	17,463,987	(4,704)	(4,704)

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

	Group	
	2018 RM	2017 RM
Unutilised tax losses	32,174,670	33,330,052

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	
	2018 RM	2017 RM
At cost		
Finished goods	44,309,996	47,812,714
Raw materials	1,215,741	3,058,088
Trading goods	1,412,031	2,479,157
Stores and supplies	1,053,318	1,106,324
	47,991,086	54,456,283
At net realisable value		
Raw materials	19	19
Store and materials	9	9
	47,991,114	54,456,311

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM350,720,986 (2017: RM330,484,144).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables

	Group		Company	
Current	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
Third parties	1,855,273	3,663,940	-	-
Amounts due from related companies	1,106,729	1,353,594	-	-
	2,962,002	5,017,534	-	-
Other receivables				
Amounts due from related parties:				
Subsidiaries	-	-	9,969,024	3,628,093
Related companies	54,699	96,191	-	-
	54,699	96,191	9,969,024	3,628,093
Deposits	682,925	226,075	1,050	1,050
Prepayments	30,566	59,858	18,333	-
Sundry receivables	759,477	421,678	-	-
GST receivable	6,860,895	5,201,948	-	-
	8,388,562	6,005,750	9,988,407	3,629,143
Total trade and other receivables	11,350,564	11,023,284	9,988,407	3,629,143
Add: Cash and bank balances (Note 19)	52,960,470	24,082,171	696,869	390,824
Less: Prepayments	(30,566)	(59,858)	(18,333)	-
Total loans and receivables	64,280,468	35,045,597	10,666,943	4,019,967

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are generally on 30 to 60 days (2017: 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	
	2018 RM	2017 RM
Neither past due nor impaired	2,914,638	4,954,447
1 to 30 days past due not impaired	-	1,023
31 to 60 days past due not impaired	-	-
61 to 90 days past due not impaired	-	-
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	47,364	62,064
	47,364	63,087
	2,962,002	5,017,534

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 RM47,364 (2017: RM63,087) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

(b) Amounts due from 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.

(c) Amounts due from subsidiaries

Amount due from subsidiaries are unsecured, earn interest at the rate of 6.65% (2017: 6.65% to 6.85%) per annum and are repayable on demand.

(c) Sundry receivables

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Cash and bank balances

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash at banks and on hand	24,930,470	19,885,171	16,869	390,824
Short-term deposits with licensed banks	28,030,000	4,197,000	680,000	-
	52,960,470	24,082,171	696,869	390,824

Certain cash at bank earns interest at floating rates based on daily bank deposits rates. Short-term deposits are made for varying periods between 1 day and 11 days (2017: 1 day and 3 days) depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term deposits rates.

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

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Licensed banks	2.81	2.13	2.85	-

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	52,960,470	24,082,171	696,869	390,824
Less: Bank overdrafts (Note 21)	(314,534)	(358,779)	-	-
Cash and cash equivalents	52,645,936	23,723,392	696,869	390,824

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Derivatives

	2018		2017	
Group	Contract/ notional amount RM	Assets RM	Contract/ notional amount RM	Assets RM
Non-hedging derivatives:				
Forward currency contracts	47,847,319	156,193	14,766,455	34,924

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.

21. Loans and borrowings

	Group	
	2018 RM	2017 RM
Current		
Secured:		
Bankers' acceptances	61,969,000	51,544,000
Letter of credit	6,090,737	-
	68,059,737	51,544,000
Unsecured:		
Bank overdrafts	314,534	358,779
	68,374,271	51,902,779
Total loans and borrowings		
Bankers' acceptances	61,969,000	51,544,000
Bank overdrafts (Note 19)	314,534	358,779
Letter of credit	6,090,737	-
	68,374,271	51,902,779

TECK GUAN PERDANA BERHAD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. **Loans and borrowings (continued)**

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

	Group	
	2018 RM	2017 RM
On demand or within one year	68,374,271	51,902,779

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

	Group	
	2018 %	2017 %
Bank overdrafts	7.44	7.60
Bankers' acceptances	3.76	3.72
Letter of credit	0.10	-

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

Changes in liabilities arising from financing activities:

Group	At 1 February 2017 RM	Drawdown RM	Repayment RM	At 31 January 2018 RM
Bankers' acceptances	51,544,000	216,694,000	(206,269,000)	61,969,000
Letter of credit	-	63,992,672	(57,901,935)	6,090,737
	51,544,000	280,686,672	(264,170,935)	68,059,737

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Trade and other payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables				
Third parties	6,326,339	7,465,909	-	-
Amounts due to related companies	11,808,330	4,783,209	-	-
	18,134,669	12,249,118	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	42,148,915	32,984,673
Related companies	787,521	699,202	4,927	5,662
	787,521	699,202	42,153,842	32,990,335
Accruals	873,955	883,022	192,858	200,989
Advances	-	528,048	-	-
Deposits	1,150	1,150	-	-
Sundry payables	528,041	501,616	-	-
	2,190,667	2,613,038	42,346,700	33,191,324
Total trade and other payables	20,325,336	14,862,156	42,346,700	33,191,324
Add: Loans and borrowings (Note 21)	68,374,271	51,902,779	-	-
Total financial liabilities carried at amortised cost	88,699,607	66,764,935	42,346,700	33,191,324

(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 (2017: 30 to 60 days).

(b) Amounts due to subsidiaries

The amounts due to subsidiaries bear interest at rates 6.65% (2017: 6.65% to 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.

TECK GUAN PERDANA BERHAD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Share capital

	Number of ordinary shares		Amount	
	2018	2017	2018 RM	2017 RM
At beginning of year	40,096,902	40,096,902	40,096,902	40,096,902
Transition to no-par value regime	-	-	7,000	-
At end of year	40,096,902	40,096,902	40,103,902	40,096,902

The new Companies Act 2016 (the "Act), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM7,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the shares as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without 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 (2017: 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	
	2018 RM	2017 RM
Not later than 1 year	2,166,240	2,166,240
Later than 1 year but not later than 5 years	4,513,000	180,520
	6,679,240	2,346,760

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	2018 RM	2017 RM
With the holding company (HTG Holding Sdn. Bhd.)			
Interest income	(i)	-	73,190
Interest expense	(i)	-	2,311
With subsidiaries of the holding company			
Sale of crude palm kernel oil to:			
Teck Guan (China) Ltd.	(ii)	178,739,754	219,957,073
Sale of palm kernel expeller to:			
Sudutjasa Sdn. Bhd.	(ii)	157,218	-
Teck Guan (China) Ltd.	(ii)	73,089	-
Teck Guan Trading Sdn. Bhd.	(ii)	42,621	-
Sale of oil palm fresh fruit bunches (FFB) to:			
Sungai Burung Industries Sdn. Bhd.	(ii)	8,161,784	8,175,553
Tri Grow Sdn. Bhd.	(ii)	171,718	178,056
Konsep Muktamad Sdn. Bhd.	(ii)	2,136,641	1,622,391
Prosperous Sebatik Sdn. Bhd.	(ii)	621,573	281,020
Sale of cocoa powder to:			
Teck Guan Trading Sdn. Bhd.	(ii)	372,440	494,077
Sale of chocolate products to:			
Teck Guan Trading Sdn. Bhd.	(ii)	1,536,358	1,802,364
Sale of property, plant and equipment to:			
Prosperous Sebatik Sdn. Bhd.	(ii)	-	6,000
Wise Mission Sdn. Bhd.	(ii)	3,000	-
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)	10,584,031	11,412,294
Brantian Palm Oil Sdn. Bhd.	(iii)	15,562,825	12,310,416
Konsep Muktamad Sdn. Bhd.	(iii)	23,410,953	18,762,726
Prosperous Sebatik Sdn. Bhd.	(iii)	17,232,299	7,941,820
Sungai Burung Industries Sdn. Bhd.	(iii)	33,243,665	26,138,040

TECK GUAN PERDANA BERHAD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures (continued)

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

Group (continued)	Note	2018 RM	2017 RM
With subsidiaries of the holding company (continued)			
Purchase of goods from:			
Teck Guan Trading Sdn. Bhd. (chemical and fertilizer)	(iii)	215,887	84,139
Teck Guan Sdn. Bhd. (diesel and lubricant)	(iii)	272,242	199,291
Prosperous Sebatik Sdn. Bhd. (chemical and fertilizer)	(iii)	-	104,945
Bestbricks (Sabah) Sdn. Bhd. (fertilizer)	(iii)	996,592	865,380
Teck Guan Industries Sdn. Bhd. (fertilizer)	(iii)	21,055	71,193
Hotel Emas Sdn. Bhd. (food and beverage)	(iii)	2,511	12,630
Purchase of property, plant and equipment from:			
Hotel Emas Sdn. Bhd.	(iii)	600	1,547
Electricity, water and utilities charges charged by:			
Jolly Land Sdn. Bhd.	(iii)	42,120	61,799
Evergreen Intermerge Sdn. Bhd.	(iii)	897,227	1,771,869
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	2,166,240
Teck Guan Plantations Sdn. Bhd.	(iii)	27,048	27,048
Hoko Sdn. Bhd.	(iii)	88,156	84,060
Insurance expense charged by:			
Teck Guan Holdings Sdn. Bhd.	(iii)	1,064	639
Plantation administrative fee charged by:			
Prosperous Sebatik Sdn. Bhd.	(iii)	36,000	36,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Related party disclosures (continued)

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

Company	Note	2018 RM	2017 RM
With the holding company (HTG Holdings Sdn. Bhd.)			
Interest income	(i)	-	73,190
Interest expense	(i)	-	2,311
With subsidiaries of the Company			
Administrative fees charged to:			
Cacao Paramount Sdn. Bhd.	(iv)	420,000	420,000
Tawau Cocoa Estate Sdn. Bhd.	(iv)	300,000	300,000
Majulah Koko Tawau Sdn. Bhd.	(iv)	36,000	36,000
Interest income charged to:			
Cacao Paramount Sdn. Bhd.	(i)	548,134	230,370
Majulah Koko Tawau Sdn. Bhd.	(i)	23,476	140,656
Interest expense charged by:			
Tawau Cocoa Estate Sdn. Bhd.	(i)	2,547,192	2,123,409
Majulah Koko Tawau Sdn. Bhd.	(i)	1,150	-
With a subsidiary of the holding company			
Computer rental charged by:			
Hoko Sdn. Bhd.	(iii)	9,790	9,900

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 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 2018 is disclosed in Note 18 and Note 22.

TECK GUAN PERDANA BERHAD

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	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term employee benefits	446,213	402,924	381,185	400,512
Post-employment benefits:				
Defined contribution plan	43,664	43,664	42,131	43,508
	489,877	446,588	423,316	444,020

Included in compensation of key management personnel is directors' remuneration amounting to RM315,573 (2017: RM257,523) and RM303,484 (2017: RM254,955) 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 2018 and 31 January 2017 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Financial assets				
Revalued property, plant and equipment				
- Leasehold land	-	-	33,441,026	33,441,026
- Buildings	-	-	6,861,022	6,861,022
Biological assets	-	-	40,782,869	40,782,869
Derivatives				
- Forward currency contracts	-	156,193	-	156,193
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

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 2018 and 2017 are as shown below:

	Valuation technique	Significant unobservable inputs	Range 2018	Range 2017
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 - RM56,833
		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%

(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 counterparties, foreign exchange spot and forward rates.

TECK GUAN PERDANA BERHAD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Fair value measurements (continued)

(b) Determination of fair value (continued)

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.

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.

<u>Exposure to credit risk</u>

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 RM176,600,000 (2017: RM141,600,000) relating to a corporate guarantee provided by the Company to a bank on its subsidiaries' bank loan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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			
	2018		2017	
	RM	% of total	RM	% of total
By country:				
Malaysia	1,318,325	44	1,435,397	29
Egypt	939,850	32	492,483	10
Singapore	381,741	13	1,350,491	27
Jordan	259,056	9	338,819	6
Peoples' Republic of China	63,030	2	1,201,039	24
Philippines	-	-	199,305	4
	2,962,002	100	5,017,534	100

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 assets 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.

TECK GUAN PERDANA BERHAD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

	On demand or within one year	
	2018 RM	2017 RM
Group		
Financial liabilities:		
Trade and other payables	20,325,336	14,862,156
Loans and borrowings	68,374,271	51,902,779
Total undiscounted financial liabilities	88,699,607	66,764,935
Company		
Financial liabilities:		
Trade and other payables	42,346,700	33,191,324
Total undiscounted financial liabilities	42,346,700	33,191,324

(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 (2017: 25 points) lower/higher, with all other variables held constant, the Group's (loss)/profit net of tax would have been RM75,327 (2017: RM69,015) 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 77% (2017: 96%) of the Group's sales are denominated in foreign currencies and 75% (2017: 59%) of cost of sales are denominated in RM. 56% (2017: 71%) 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 RM21,261,931 (2017: RM13,953,149) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/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	(Loss)/profit net of tax 2018 RM	2017 RM
RM/USD - strengthened 5%	786,850	860,505
- weakened 5%	(786,850)	(860,505)

(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 2018 and 31 January 2017.

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.

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Loans and borrowings	21	68,374,271	51,902,779	-	-
Trade and other payables	22	20,325,336	14,862,156	42,346,700	33,191,324
Less: Cash and bank balances	19	(52,960,470)	(24,082,171)	(696,869)	(390,824)
Net debt		35,739,137	42,682,764	41,649,831	32,800,500
Equity attributable to owners of the Company		101,119,355	102,915,084	(1,522,895)	956,696
Total capital		101,119,355	102,915,084	(1,522,895)	956,696
Capital and net debt		136,858,492	145,597,848	40,126,936	33,757,196
Gearing ratio		26%	29%	104%	97%

TECK GUAN PERDANA BERHAD

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 – Manufacturing and sale of cocoa products and trading and sale of dried cocoa beans;

(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			Per consolidated financial statements	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	Note	2018 RM	2017 RM
Revenue:											
External customers	11,176,031	9,749,698	376,739,349	367,561,380	-	-	-	-		387,915,380	377,311,078
Inter-segment	174,009	366,789	-	-	-	-	(174,009)	(366,789)	A	-	
	11,350,040	10,116,487	376,739,349	367,561,380	-	-	(174,009)	(366,789)		387,915,380	377,311,078
Results:											
Interest income	64,748	2,271	2,992,868	2,460,022	576,368	449,227	(3,119,952)	(2,500,208)	A	514,032	411,312
Depreciation and amortisation	224,943	495,431	5,850,005	5,722,795	-	-	-	-		6,074,948	6,218,226
Segment(loss)/profit	539,652	190,714	(875,143)	16,269,057	(1,233,183)	(1,172,065)	-	-		(1,568,674)	15,287,706
Assets:											
Additions to non-current assets	14,349	1,484	138,636	198,922	-	-	-	-	B	152,985	200,406
Segment assets	29,530,513	28,324,232	174,850,077	159,443,520	716,258	391,881	1,227,924	63,617	C	206,324,772	188,233,250
Liabilities:											
Segment liabilities	801,864	719,225	87,382,242	65,839,059	515,501	206,651	16,505,810	18,543,231	D	105,205,417	85,308,166

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. Segment information (continued)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions of non-current assets consist of:

	Note	2018 RM	2017 RM
Biological assets	14	52,269	46,634
Property, plant and equipment	13	100,716	153,772
		152,985	200,406

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

	Note	2018 RM	2017 RM
Deferred tax assets	16	4,704	4,704
Tax recoverable		1,223,220	58,913
		1,227,924	63,617

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

	Note	2018 RM	2017 RM
Deferred tax liabilities	16	15,410,604	17,468,691
Income tax payable		1,095,206	1,074,540
		16,505,810	18,543,231

31. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2018 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 May 2018.

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-Fourth Annual General Meeting of the Company, to be held at Theobroma Conference Room, First Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Thursday, 28 June 2018 at 9.00 a.m. and at any adjournment thereof.

		For	Against
	As Ordinary Business:		
Resolution 1	To approve the payment of Directors' fees not exceeding the amount RM54,000 and any benefits payable for the financial year ending 31 January 2019.		
Resolution 2	To re-elect Mr. Wong Peng Mun who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association.		
Resolution 3	To re-elect Ms. Hong Dunn Yee who retires as a Director of the Company pursuant to Article 99 of the Company's Articles of Association.		
Resolution 4	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 5	Continuation in office for Mr. Tham Vui Vun as Independent Non-Executive Director.		
Ordinary Resolution 6	Continuation in office for Mr. Wong Peng Mun as Independent Non-Executive Director.		
Ordinary Resolution 7	Authority for Directors to Allot and Issue New Ordinary Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate For Existing Recurrent Related Party Transactions and Shareholders' Mandate for Additional 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 ____________ 2018

____
Signature / Common Seal of Member

Notes:

1. Only members whose names appear in the Record of Depositors as at 21 June 2018, 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.
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.
7. 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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