TECK GUAN PERDANA BERHAD
(307097-A)

ANNUAL REPORT 2019

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth 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, 27th June 2019 at 9.00 a.m. to transact the following:-

AGENDA

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 January 2019 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 2020. **Ordinary Resolution 1**

3. To re-elect Datuk Hong Ngit Ming who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association. **Ordinary Resolution 2**

4. To re-elect Mr. Fung Hiuk Bing who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association. **Ordinary Resolution 3**

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

AS SPECIAL BUSINESS:-

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

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 nine (9) years and 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." **Ordinary Resolution 5**

   ii. "THAT 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 to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting." **Ordinary Resolution 6**

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

"THAT, subject always to the Companies Act 2016 ("the Act"), the Company's Constitution 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." **Ordinary 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 always to the Companies Act 2016 ("the Act"), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the existing and additional recurrent related party transactions of a revenue or trading nature as set out in Sections 3.2(A) and 3.2(B) of the circular to shareholders dated 29 May 2019 with the related parties mentioned therein, provided that such transactions are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial 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 ("Shareholders' Mandate"). **Ordinary Resolution 8**

THAT the Shareholders' Mandate shall commence upon passing of this resolution and continue to be in force until:

i. the conclusion of the next annual general meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

ii. the expiration of the period within which the next AGM 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. **SPECIAL RESOLUTION**
Proposed Adoption of New Constitution of the Company

"THAT approval be and is hereby given for the Company to adopt the new Constitution in the form and manner as set out in the Circular to Shareholders dated 29 May 2019, in place of the existing Memorandum & Articles of Association of the Company. **Special Resolution 1**

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take such steps as may be considered necessary to give full effect to the foregoing."

10. 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 29 May 2019

NOTICE OF ANNUAL GENERAL MEETING

NOTES:-

1. 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.

2. 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.

3. 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.

4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

5. 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.

6. Only members whose names appear in the Record of Depositors as at 20 June 2019, 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.

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 ("AGM") 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 Ordinary 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 AGM for additional fees to meet the shortfall.

Explanatory Notes on Special Business

10. **Ordinary Resolutions 5 & 6**

The proposed Ordinary Resolutions 5 & 6, if passed, will enable Mr.Tham Vui Vun and Mr.Wong Peng Mun respectively to continue to act as Independent Directors of the Company until the conclusion of next AGM of the Company.

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 terms of more than nine (9) years,

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.

NOTICE OF ANNUAL GENERAL MEETING

11. **Ordinary Resolution 7**

    The proposed Ordinary Resolution 7 is to renew the general mandate obtained in the last AGM. As at the date of this Notice, no new shares in the Company were issued pursuant to the existing general mandate which will lapse at the conclusion of this forthcoming AGM.

    This proposed resolution, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment, working capital and/or acquisition(s), by the issuance of new shares (other than bonus or rights issue) in the Company to such persons at any time as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

12. **Ordinary Resolution 8**

    The proposed Ordinary Resolution 8 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 29 May 2019 for more information.

13. **Special Resolution 1**

    The proposed Special Resolution 1, if passed, will bring the Company's Constitution to be in line with the Companies Act, 2016 which came into force on 31 January 2017 and the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The proposed new Constitution shall take effect once the special resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 25th AGM. Please refer to the Circular to Shareholders dated 29 May 2019 for more information.

14. **Personal Data Privacy**

    By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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. No individual is seeking election as a Director at the forthcoming 25th Annual General Meeting of the Company.

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 Ordinary 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.

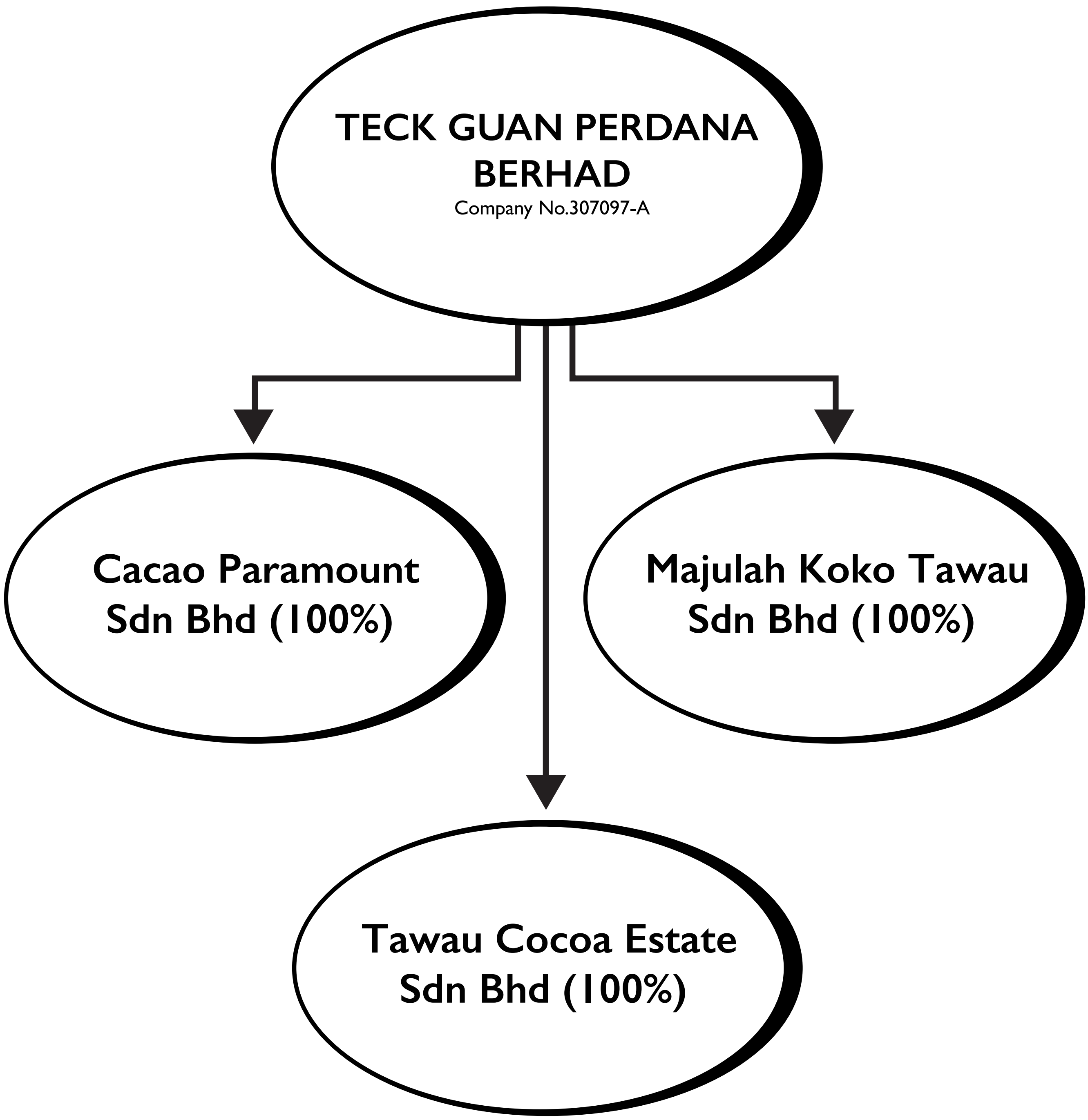
CORPORATE INFORMATION

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:	RHB Bank Berhad Malayan Banking Berhad Hong Leong Bank Berhad
SOLICITORS:	Ting, Rosen & Co Alex Pang & Co Ho Chong Yong Chung & Associates
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	2019 RM'000	2018 RM'000
RESULTS OF OPERATIONS		
Revenue	301,902	387,915
Pre-Tax Profit	3,924	2,744
After-Tax Profit	2,521	1,482
FINANCIAL POSITION		
Working Capital	27,691	24,344
Net Assets	49,074	46,552
Total Assets	98,755	138,197
Paid-up Capital	40,104	40,104
Shareholders' Funds	49,074	46,552
PER SHARE (in SEN)		
Net Assets	122.4	116.1
Profit Before Tax*	9.8	6.8
Profit After Tax*	6.3	3.7
Dividend – Final (Gross)	0.0	0.0
* Calculated based on ordinary shares in issue throughout the financial year (unit)	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: 61

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 & Partners 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: 65

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: 35

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 TGH 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: 49

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 : 58

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: 61

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 2019.

Financial Performance

For the year ended 31 January 2019, the Group registered revenue of RM301.90 million, representing a decrease of 22.17% compared to RM387.92 million in the preceding year. The lower revenue was mainly attributed to decrease in average selling price.

The Group registered a profit after tax of RM2.52 million as compared to RM1.48 million in the preceding year mainly due to higher operating margin.

Operations Review

(a) Oil Palm Products:

During the financial year under review, all planted areas under oil palm segment of the Group have attained maturity with average crop age of 16 years. Fresh fruit bunches yield per mature hectare registered a decrease of approximately 4.00%. However, the sales volume for crude palm kernel oil and palm kernel expeller had registered an increase of approximately 4.37% and 36.01% as compared with preceding year.

The operating profit for palm oil products segment increased from RM3.21 million in the preceding year to RM3.27 million in the current year. The increase was mainly attributed to increase in operating margin for palm oil products.

(b) Cocoa Products:

The operating profit for cocoa products segment increased from RM0.77 million in the preceding year to RM1.83 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 2019.

Prospects

The overall financial performance in financial year 2019 was reasonably encouraging despite the challenging external environment on palm oil market. However, for the forthcoming year, the palm oil market is expected to remain volatile with vulnerability in global commodity prices and unstable exchange rates. 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 always remains competitive and to be resilient in the face of adversity.

Appreciation

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

THAM VUI VUN
Chairman

MANAGEMENT DISCUSSIONS AND ANALYSIS

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS

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

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

A. Group Financial Review

The Group's revenue for the financial year ended 31 January 2019 at RM301.90 million was 22.17% lower than the last financial year whilst profit before tax at RM3.92 million was higher than the last financial year's profit before tax of RM2.74 million mainly attributed by favourable palm product segment results. During the financial year, palm oil products segment reported a higher operating profit of RM3.27 million from RM3.21 million in the last financial year was mainly attributed by the increase in operating margin. Cocoa products segment reported higher operating profit of RM1.83 million compared to RM0.77 million in the last financial year.

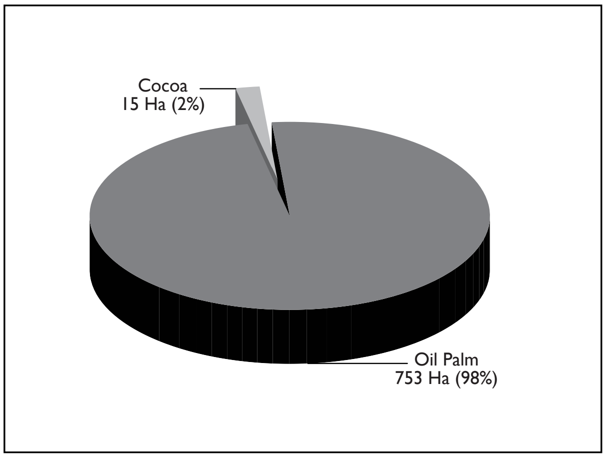
Consequently, Group recorded profit after tax for the financial year ended 31 January 2019 at RM2.52 million was higher than the last financial year's profit before tax of RM1.48 million. The improvement in profit was also contributed by favorable foreign exchange recognized. As the major portion of the Group's revenue was denominated in USD, the weakening of Ringgit Malaysia against USD had resulted in higher foreign exchange gain of RM0.22 million as compared to a loss of RM1.75 million in the last financial year.

The Group's operations are mainly affected by seasonal crop production, climatic conditions and fluctuating commodity prices. The palm oil products segment remains as significant contributors to the overall profitability of the Group. Despite the palm oil prices have been soft during the financial year, the palm oil products segment is performed satisfactorily, supported by increase in operating margin.

Moving toward into the year 2019, the management expects the global commodity prices of palm oil market to remain volatile. Despite the current economic environment, the group is optimistic on the long term prospects of the palm based industry and anticipates its operating performance for FY2020 to be positive.

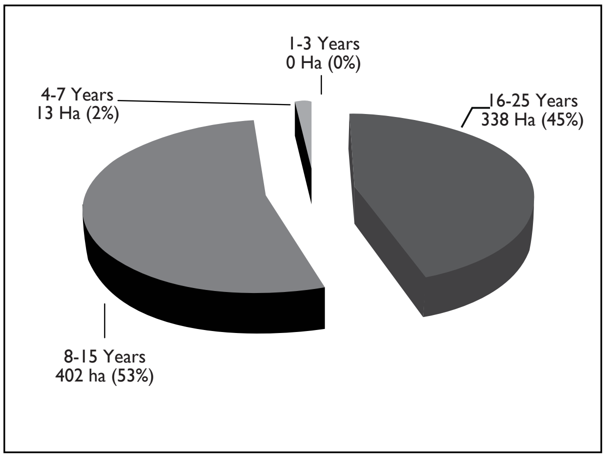
B. Group Business Review – Oil Palm and Cocoa Plantations

CROP MIX



Total Planted Area – 768 Ha

OIL PALM HECTARAGE BY AGE

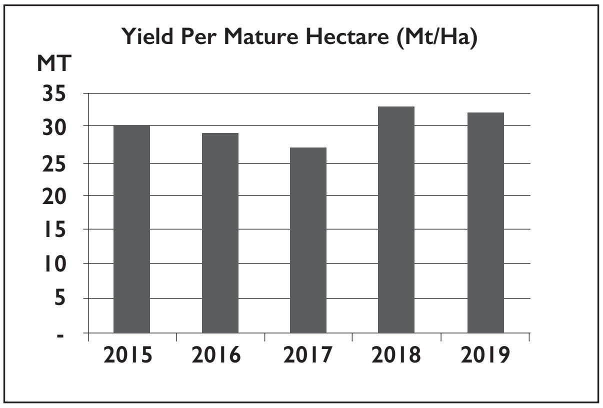


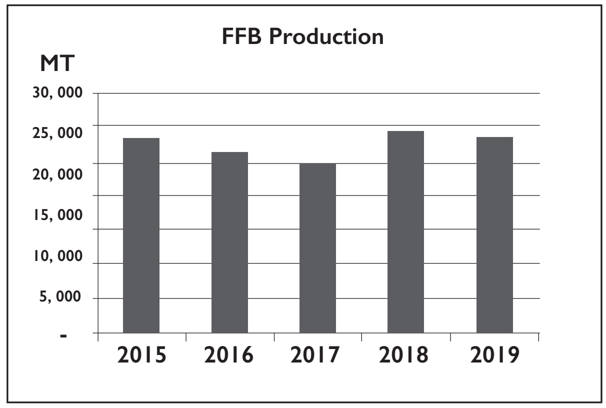
Total Oil Palm Planted Area – 753 Ha

MANAGEMENT DISCUSSIONS AND ANALYSIS

B. Group Business Review – Oil Palm and Cocoa Plantations

OIL PALM PLANTATION





PLANTATION STATISTICS

Area Statement

	Unit	FY2019	FY2018	FY2017	FY2016	FY2015
Oil Palm Area						
Mature	Hectare	753	740	740	754	754
Immature	Hectare	-	13	13	13	-
Total	Hectare	753	753	753	767	754
Cocoa Area						
Mature	Hectare	15	15	17	17	28
Immature	Hectare	-	-	-	-	-
Total	Hectare	15	15	17	17	28
Total Planted Area	Hectare	**768**	**768**	**770**	**784**	**782**
Total Unplanted, Buildings and Infrastructure Areas	Hectare	57	59	57	43	45
Total Area	Hectare	**825**	**827**	**827**	**827**	**827**

MANAGEMENT DISCUSSIONS AND ANALYSIS

Crop Statement

	Unit	FY2019	FY2018	FY2017	FY2016	FY2015
Oil Palm						
FFB Production	Tonne	23,849	24,404	20,138	22,058	22,768
Yield Per Mature Hectare	Tonne	31.68	33.00	27.23	29.26	30.20
Average Selling Price	RM/ Tonne	384	511	547	416	469

As at 31 January 2019, 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, all oil palm and cocoa planted areas have attained maturity. The Group's estates produced a total of 23,849MT of FFB which was about 2.27% lower than the previous year mainly due to lower yield. FFB yield had decreased to 31.68 MT as compared to 33.00 MT in last financial year. Average FFB selling price in current financial year of RM384 per MT is about 24.85% 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 2019.

MANAGEMENT DISCUSSIONS AND ANALYSIS

C. Group Business Review – Resource-Based Manufacturing

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

	Unit	FY2019	FY2018	FY2017	FY2016	FY2015
Production						
Crude Palm Kernel Oil	Tonne	49,678	48,648	36,484	37,870	43,239
Palm Kernel Expeller	Tonne	53,908	55,867	39,607	42,176	47,502
Extraction Rates						
Crude Palm Kernel Oil	%	47.23	46.23	46.41	46.02	45.99
Palm Kernel Expeller	%	51.25	53.09	50.38	51.26	50.53
Average Selling Price (Per Tonne)						
Crude Palm Kernel Oil	RM	3,742	5,320	5,074	3,581	3,571
Palm Kernel Expeller	RM	474	416	397	333	423
Trading of palm oil related products	RM	2,918	3,406	4,156	3,674	3,525

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 to-date has increased to 47.23% as compared preceding year corresponding period at 46.23%.

The overall financial performance for the operation of kernel crushing plant and trading of palm products in financial year 2019 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 DISCUSSIONS AND ANALYSIS

2. Manufacturing and Trading of Cocoa Products

	Unit	FY2019	FY2018	FY2017	FY2016	FY2015
Average Selling Price (Per Tonne)						
Cocoa Products	RM	9,792	11,056	11,694	10,826	8,939
Chocolate Products	RM	13,649	13,741	13,294	12,115	7,501
Dried Cocoa Beans	RM	7,524	7,100	9,166	10,033	9,771
Sales Volume						
Cocoa Products	Tonne	981	863	664	598	632
Chocolate Products	Tonne	117	119	143	147	146
Dried Cocoa Beans	Tonne	0.3	0.3	4	34	59

Cocoa products' contribution of 3.73% 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, and India.

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 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 2019		Attendance Record
		Attended	Held	
Mr. Tham Vui Vun	Chairman, Independent Director	4	5	80%
Datuk Hong Ngit Ming	Managing Director	3	5	60%
Ms. Hong Dunn Yee	Executive Director	3	5	60%
Mr. Fung Hiuk Bing	Independent Director	4	5	80%
Mr. Wong Peng Mun	Independent Director	5	5	100%

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, 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 consist of 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 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 terms of more than 9 year but less than 12 years as an Independent Director and the Board will be seeking shareholders' approval at the forthcoming AGM to continue to retain him in the capacity as an Independent Director.

(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 the normal voting process. This is a departure from the prescribed practice of the Code on the two-tier voting procedure, as the Board consider that every shareholder should exercise their voting rights on the same level and each share shall entitled to one vote.

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. At present the Board has one female Board member as the Company is committed to have at least one female representation in the Board as specified in the Board Charter.

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. <u>Audit & Risk Management Committee ("ARMC")</u>

The primary objectives of the ARMC 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 ARMC comprising solely of Independent Directors is chaired by Mr. Fung Hiuk Bing.

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

b. <u>Nomination & Remuneration Committee ("NRC")</u>

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

(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.

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 ARMC 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 code and policy :

a. The Code of Ethics and Conduct of the Company which 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. The Whistleblowing Policy which 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

The NRC is responsible for making recommendations to the Board on the suitability of candidates nominated for appointment to the Board and Board Committees. In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing Board members, management or major shareholders. The NRC 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 NRC 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 NRC 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;
v. and 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 NRC. 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 NRC shall ensure all new directors participate in the board induction and mandatory accreditation programme as stipulated by the MMLR.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Annual General Meeting ("AGM") immediately after their appointment. The Articles also require one-third of the Directors including the Managing Director to retire by rotation and seek re-election at each AGM and that each Director are to retire from office at least once in three years but shall be eligible for re-election.

The performance of those Directors who are subject to re-election at the forthcoming AGM are assessed by the NRC 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 Datuk Hong Ngit Ming and Mr. Fung Hiuk Bing.

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 NRC 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

There were no new members appointed to the Board during the reporting financial year. Any new appointees to the Board shall be 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.

All the present Directors have completed the Mandatory Accreditation Program (MAP) as required by the MMLR for first time directors of listed issuer.

Save for Ms. Hong Dunn Yee who has not attended any training courses due to work commitments during the financial year, the rest of 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
- Tax Deductible Expenses - Principles and Latest Developments
- GST Changes from 6% to 0% - Transisitional Process & Planning
- Malaysian Private Entities Reporting Standards (MPERS) - Area of Focus
- 2019 Budget Seminar
- Seminar Cukai Kebangsaan 2018

Datuk Hong Ngit Ming
- Palm & Lauric Oils - Price Outlook Conference 2018

Mr. Fung Hiuk Bing
- MPERS: Case Studies in Practical Financial Reporting Issues
- GST: Case Studies in GST Applications & GST Audit Approach
- Evening Talk on How Recent Changes to IFRSs and Emerging Issues Impacted Financial Reporting Environment
- Best Practice in Applying Malaysian Private Entities Reporting Standards (MPERS)
- Seminar Cukai Kebangsaan 2018

Mr Wong Peng Mun
- Seminar on Registration of Company & Its Constitution
- Transfer Pricing in Malaysia

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 NRC.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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	-	24,540	208,452
Ms. Hong Dunn Yee	-	60,588	-	8,867	69,455
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	244,500	-	33,407	331,907

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

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 ARMC 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 ARMC 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 ARMC has any former key audit partner as its member. All members of the ARMC are financially literate and are able to understand matters under the purview of the Committee including financial reporting process and have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

In addition, the ARMC has oversight of the following :

External Auditors

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The ARMC has considered the non-audit services provided by the external auditors during the reporting financial year. The ARMC 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	49,200	95,700
Non-Audit Fees	7,500	7,500

The ARMC 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 ARMC 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 AGM.

Internal Audit Function

The Group has in place an in-house Internal Audit Department which is independent of the activities that it audits. For the current reporting financial year, the Group has also engaged a firm of independent professionals to provide internal audit services to the Group and reported directly to the ARMC. The internal auditors are provided with sufficient resources to carry out its audit work. En. Muhammad Danish Abdullah, an associate member of The Institute of Internal Auditors Malaysia from the internal audit department reports directly to the ARMC and he is free from any relationships or conflict of interest, which could impair his objectivity. The risk based internal audit plan that comprises internal audit coverage and scope of work are presented to the ARMC for approval annually or upon engagement in the case of outsourced internal audit, and the audit is conducted in accordance with recognised framework. Internal audit reports encompassing audit findings together with recommendations are presented to the ARMC during its quarterly meetings.

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 Group has in place an on-going risk management process consist of Risk & Sustainability Department that coordinates with the risk owners to identify and documenting major risks, assessing the potential impact and likelihood of occurrence and mitigating controls through the adoption of risk management methodology and approach.

The Board through the ARMC 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 ARMC reviews the risk assessment report from the Risk & Sustainability Department 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 of Risk Management and Internal Control" of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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 (as proposed by the Code), 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 recognises the importance of good corporate governance towards long term sustainability of the Group. To this end, the Board always strives to adopt the principles and 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 2019" which is available on the Company's website at www.teckguan.com/tgp.

NOMINATION & REMUNERATION COMMITTEE REPORT

CONSTITUITION, COMPOSITION AND MEETINGS

The Nomination Committee and the Remuneration Committee were both established on 31 March 2003 and these two committees were merged into the present Nomination & Remuneration Committee ("NRC" or "the Committee") on 22 January 2018.

The composition of the NRC has complied with the requirements on its memberships as stated in its charter and in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad 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:

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%

There is no change to the composition of the NRC's members as at the date of this Annual Report.

OBJECTIVE, POWERS AND DUTIES

The principal functions of the NRC 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 NRC 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 NRC 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.

NOMINATION & REMUNERATION COMMITTEE REPORT

SUMMARY OF WORK OF THE NOMINATION & REMUNERATION COMMITTEE

The summary of work and the main matters that the NRC considered during the reporting financial year are described below:

a. Annual Evaluation of the Directors and the Board

The Company has conducted the annual evaluation exercise of the Board whereby the NRC 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 NRC 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 by all Directors, and the results were submitted to the NRC for review during the year.

The NRC 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 NRC has reviewed and recommended the following to the Board:

i. to seek the re-election of Datuk Hong Ngit Ming and Mr. Fung Hiuk Bing in which the Board has included these in the agenda at the forthcoming Annual General Meeting ("AGM"); and

ii. 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.

c. Board Remuneration

During the reporting period, the NRC 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 and these two committees were merged into the present Audit & Risk Management Committee ("ARMC" or "the Committee") on 22 January 2018.

The composition of the ARMC 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:

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	4	5	80%
Mr. Tham Vui Vun (MIA 3667*)	Member	4	5	80%
Mr. Wong Peng Mun	Member	5	5	100%

** denotes the membership number of the Malaysian Institute of Accountants*

There is no change to the composition of the ARMC's members as at the date of this Annual Report.

OBJECTIVE, POWERS AND DUTIES

The principal objective of the ARMC 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 ARMC 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 ARMC 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 ARMC has a duty to report such matter to Bursa Malaysia.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE

The summary of work and the main matters that the ARMC considered during the reporting financial year are as follow:

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

2. Oversight of the External Audit Function

The ARMC 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 ARMC 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 ARMC 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 ARMC had reviewed and approved both the Internal Audit Plan prepared by in-house internal auditors, and the Engagement Letter from the outsourced 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 ARMC on a quarterly basis through meetings held with the Internal Auditors and management to discuss and consider the internal audit reports, the internal audit findings and recommendations to improve weaknesses or non-compliance, the management responses thereto and sought updates from the Internal Auditors on the status of implementation of post-audit recommendations which has been agreed by the management or the Board.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

3. Oversight of Internal Audit Function (Continued)

The ARMC has also carried out an annual assessment of the internal audit function, obtained the confirmation of the in-house 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 ARMC 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 ARMC 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 ARMC 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 ARMC 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.

5.2 Annual Report

The ARMC 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 2019 to the Board for consideration and approval for inclusion in the Annual Report.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

In discharging the ARMC 's duties and responsibilities, the ARMC is supported by an in-house and outsourced internal audit that 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 RM71,000.

The ARMC has full access to the internal auditors and has received reports at its 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;
- compliance with procedures and controls set by management in the annual stock take exercise; and
- adequacy, integrity and adherence to internal control system, focusing on key internal controls pertaining to the core business process namely sales and collection cycles, production quality control, production loss management, transport management, payroll, purchase cycle and inventory management of the kernel crushing plant.

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 2019. 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 Group recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board is assisted by the Audit & Risk Management Committee ("ARMC") to undertake the audit and risk oversight role within the Group.

The Group has in place an on-going risk management process consist of Risk & Sustainability Department that coordinates with the risk owners to identify and documenting major risks, assessing the potential impact and likelihood of occurrence and mitigating controls through the adoption of risk management methodology and approach. The Group's financial performance and operations are influenced by a vast range of risks factor. Under the risk management framework, the Group aims to manage and monitor the following principal risks through regular review and reporting:

a. The Group's day-to-day operational risks includes those relating to supply chain, production, marketing, safety & health and compliance with laws and regulations and various certifications and quality accreditations are mainly managed at the business and support unit level and guided by standard operating procedures. Whereas the operational risks that cut across the organisation include those relating to resource planning, treasury management and group sustainability are coordinated centrally.

b. The Group is exposed to various financial risks relating to credit, liquidity, interest rates, foreign currency exchange rates, and market prices. The Group's financial risk management objectives and policies, coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in Note 27 to the Financial Statements of this Annual Report.

Internal Control System

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

- The ARMC monitors the effectiveness of the entire Group's system of internal control. ARMC 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.
- ARMC reviews and approves the yearly Audit Plan;
- ARMC members are briefed and updated on the matters of corporate governance practice, legal and regulatory matters. The Internal Audit Department reports directly to the ARMC on internal control issues identified. The ARMC then reports to the Board on the findings and makes recommendations on possible action plans to improve and tighten the system of internal control of the Group;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Regular meetings are held to assess performance and controls on all areas of operations with recommendations for improvements;
- Clear lines of responsibilities and appropriate authority levels are in place for the Management and operating units including matters requiring Board's approval. Key functions within the group such as Sales and Marketing, Finance and Procurement are appropriately staffed by qualified staff in achieving business objectives;
- Regular and comprehensive information provided to the Management and the Board, encompassing financial and operational performance for monitoring and decision making. The Finance and Accounts Department adheres closely to the monthly closing and reporting period, timely transaction recording, full compliance to acceptable reporting standards, and ensuring proper cash flow and capital requirements;
- Purchasing procedures are documented and monitored;
- A set of documented internal policies and procedures in relation to matters on human resource is distributed to various sections for their execution and monitoring; and
- The quarterly financial results and yearly audited financial statements are reviewed by the ARMC 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 Requirement 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 2019, 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 paragraphs 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 2019 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 28 June 2018, 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. The details of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the reporting financial year are set out in Note 25 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

ABOUT THIS STATEMENT

Teck Guan Perdana Group ("the Group") acknowledges sustainability as one of the drivers towards the Group's continuous and long-term business activities. The Group is committed to continuously improve its sustainability related initiatives to provide value to sustainable business, environmental management, and social accountability throughout the Group's business activities.

This statement is prepared in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines and Main Market Listing Requirements.

SCOPE

The scope of this Sustainability Statement encompassed the Group's various activities in Malaysia which include among others the operation of kernel crushing plant and oil palm & cocoa estates, and focuses on economic, environmental and social impact that are most material to both our organisation and stakeholders for the financial year ended 31 January 2019.

SUSTAINABILITY GOVERNANCE

Board of Directors	Oversee sustainability strategies, direction, performance and other related matters
Managing Director	Determine and approve sustainability initiatives with the assistance from Risk & Sustainability Department
Risk & Sustainability Department	Monitor sustainability initiatives and performance, and produce Sustainability Report
Business Units & Employees	Implementation of sustainability initiatives

STAKEHOLDERS ENGAGEMENT

Continuous and meaningful engagement with the Group's key stakeholders is integral to build mutual respect and understanding of the ongoing tasks needed to fulfil their expectation and to achieve the Group's key sustainability goals.

The Group engage its stakeholders through multiple channels. The Group key stakeholders have been identified through various activities in the palm oil industry. They include shareholders, employees, customers, suppliers and government authorities. Outlined below is an overview of the Group's engagement with these stakeholders that allows the Group to understand and better manage potential issues and risks in the Group's business.

SUSTAINABILITY STATEMENT

Stakeholders	Engagement Method	Areas of Interest	Outcome
Shareholders	•AGM •Annual reports •Quarterly updates •Company website	•Financial returns •Future development plans	•Better Group's strategy for profit maximization
Employees	•Meetings •Daily muster •Notices •Visits •Annual appraisal •Multichannel engagements	•Job satisfaction •Salary & wages •Working conditions, facilities, safety, and trainings •Career development •Benefits	•Employee retention •Happier & safer working environment •Better understanding of company policies & procedures
Customers	•Meetings •Phone calls •Company website •Annual reports	•Product quality •Timely delivery/ shipment	•Positive reputation •High customer satisfaction
Suppliers	•Meetings •Phone calls •Visits	•Timely payment •Long-term relationship	•Positive reputation •Better relationship and communication
Government Authorities	•Formal & informal meetings •On-site inspection	•Transparency •Support for government policies and initiatives in the palm oil industry •Compliance to legal requirements	•Compliance to the government's MSPO initiative •Compliance to various regulations

MATERIAL SUSTAINABLE MATTERS

Material sustainability matters are those that have a significant impact on the Group's business activities and all its stakeholders. The materiality assessment is conducted through a guided approach, using Bursa Malaysia's Sustainability Reporting Guide as illustrated below:

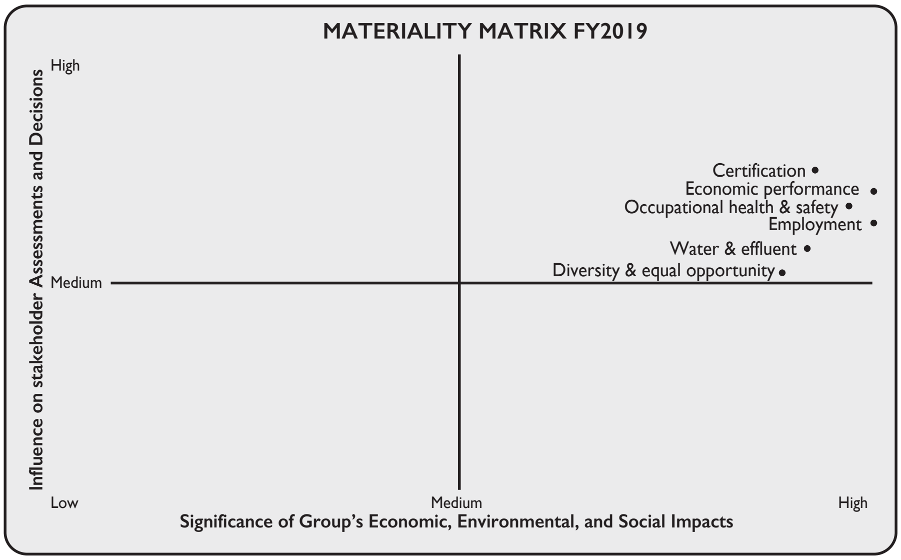
IDENTIFICATION
List of potential sustainability matters were identified based on the Group's activities, products, and services as well as its business strategy and operating environment

STAKEHOLDER ENGAGEMENT
Sustainability issues were also identified based on the view of the Group's Internal and External Stakeholders.

PRIORITISATION
Material matters were prioritised and mapped in a matrix through an assessment workshop with the Group's middle to senior management from the various business units.

SUSTAINABILITY STATEMENT

The major topics raised were then plotted on a materiality matrix, where issues with the highest significance to both the internal and external stakeholders were selected:



Aspects	Material Matters for FY2019
Economic Sustainability	- Certification - Economic performance
Environmental Sustainability	- Water & effluent
Social Sustainability	- Occupational health & safety - Employment - Diversity & equal opportunity

Economic Sustainability: Managing Sustainable Business

<u>Certification</u>

The Group is committed in the sustainable production and manufacturing practices through relevant certifications. The Group is in planning to obtain Malaysian Sustainable Palm Oil (MSPO) certification before obtaining Roundtable for Sustainable Palm Oil (RSPO), Supply Chain Certification (SCC) and International Sustainability and Carbon Certification (ISCC) for its oil palm estates and kernel crushing plant.

For its industry division, kernel crushing plant and chocolate factory are both certified in the areas as follows;

- Makanan Selamat Tanggungjawab Industri (MeSTI)
- Halal Certification
- Kosher Certification

Our chocolate factory has taken extra mile by obtaining U.S. Food and Drug Administration (U.S. FDA) certification to strengthen its international import and export business.

In addition to the current certification, our kernel crushing plant is planning to obtain Hazard Analysis and Critical Control Points (HACCP) and Good Manufacturing Practice (GMP) certification next financial year.

SUSTAINABILITY STATEMENT

Economic Performance

The Group believes sustainable earnings play a big role in enhancing stakeholders' value. Profitability in the Group's business allows the Group to reinvest its earnings into the operating environment including providing job opportunities and improving living standards of our employees and local communities.

The Group created direct economic value of RM301.9 million and distributed a total economic value of RM304.1 million in the areas of operating cost, employees' wages and benefit, interests, and taxes. The following table provides the breakdown of this summary:

	FY2019 (RM Million)	FY2018 (RM Million)
Direct Economic Value Generated		
Revenue	301.9	387.9
Economic Value Distributed		
Our Suppliers: Operating Costs	293.7	378.2
Our Employees: Wages & Benefits	6.5	6.2
Our Lenders: Payments to Lenders	1.5	2.2
The Government: Payments to Government	2.4	3.4
Total	304.1	390.0

Environmental Sustainability: Environmental Stewardship

Water & Effluent

Water management measures were carried out to utilize water effectively, reduction of water consumption, and identification of water pollution sources. During the period under review, the following measures have been put in place;

- Establishment of man-made cement tank at different points in the block to store rain water at the oil palm estates;
- The fitting of workers' housing with water tanks to harvest and store rain water at the oil palm estates;
- Stacking of oil palm fronds along the inter-row of oil palm trees to retain moisture at the oil palm estates;
- Application of Empty Fruit Bunch (EFB) at the oil palm estates as mulch to retain soil moisture;
- Loading of crude palm kernel oil to vessel is done by using piping system instead of container tank delivery to minimize spillage into water system during the process; and
- Regular maintenance of drainage and water pipe system in the Group's estates, kernel crushing plant, and chocolate factory.

Our kernel crushing plant and chocolate factory do not produce any effluents to be reported.

SUSTAINABILITY STATEMENT

Social Sustainability: Social Accountability

Employment

The Group believes that dedicated, loyal, and competent workforce is paramount to the sustainability of the Group. With competition for talents growing more intense, the following measures were put in place:

- Offering reasonable remuneration package and staff welfare to the employees to reward their contributions;
- Creating safe and conducive working environment for our employees to cultivate sense of belonging and to minimize 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;
- Placement of job advertisement in local newspapers to encourage the local communities to be part of the Group;
- Same career progression opportunity for everyone who is competent and contribute to the success of the Group; and
- Ensuring that all relevant labour and employment legislative and regulatory requirements are complied with.

To mitigate the shortage of labour, we look towards foreign workers to take over those physically demanding works.

- All estate staff and workers are provided with medical benefits, insurance cover, and good housing and amenities;
- Only foreign workers with valid work permits are hired;
- All statutory payments and wages are made in a timely manner; and
- All foreign workers are covered under Social Security Organization (SOCSO).

Diversity & Equal Opportunity

The Group value, respect, and leverage the contributions of people with diverse backgrounds, experiences, and perspectives to provide exceptional services to an equally diverse community.

Employment Summary	FY2019	FY2018
Annual Staff Hiring Rate	3.1%	7.7%
Annual Staff Turnover Rate	0.5%	11.3%
No. of staff at beginning of the year	191	198
No. of staff recruited during the year	6	15
No. of staff left during the year	1	22
No. of staff at the end of the year	196	191

Employee Gender Composition by Level

	FY2019				FY2018			
	Female	Male	Total	% of Female	Female	Male	Total	% of Female
Managerial	3	6	9	33%	3	6	9	33%
Executives	8	10	18	44%	8	10	18	44%
Non-Executives	46	123	169	27%	47	117	164	29%
Total	57	139	196	29%	58	133	191	30%

SUSTAINABILITY STATEMENT

Employee Age Composition

	FY2019		FY2018	
	No. of Staff	Percentage	No. of Staff	Percentage
Under 30	41	21%	38	20%
Between 30-50	98	50%	98	51%
Over 50	57	29%	55	29%
Total Employees	196	100%	191	100%

Employee Nationality Composition

	FY2019		FY2018	
	No. of Staff	Percentage	No. of Staff	Percentage
Malaysian	109	56%	109	57%
Non-Malaysian	87	44%	82	43%
Total Employees	196	100%	191	100%

Occupational Health & Safety

The Group is committed to ensure a safe and healthy workplace for all our employees. The following setup and measures were established in every division:

- Setup Occupational Safety & Health (OSH) unit to oversee all matters concerning employee's safety and health;
- Safety committee meeting between management and worker's representative at a quarterly basis to discuss any unsafe or unhealthy work conditions or practices at the workplace together with recommendations for corrective actions;
- Promotion of a safe working culture through the conduct of safety briefings for employees and workplace inspections;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Personal protective equipment (PPE) is provided for those working in environments exposed to hazards and risks including contractors and visitors. Full compliance with the use of PPE is mandatory and strictly monitored at daily basis;
- Hazard Identification Risk Assessment and Risk Controls ("HIRARC") system and related facilities are in place to reduce hazards;
- Medical and physical check-ups (audiometry test, spirometry test, and biological monitoring) are regularly conducted for employees exposed to high noise and chemical exposure level at our kernel crushing plant; and
- Regular safety training programs are conducted to enable employees to understand the requirements of the Occupational Safety & Health Administration (OSHA) and also to boost safety and health awareness.

SUSTAINABILITY STATEMENT

List of the Group's OSH Training in FY2019	
Industry	Ergonomik Akta Keselamatan dan Kesihatan Pekerjaan 1994 Praktis 5S Personal Hygiene Authorised Entrance Standby Person Refresher: Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Authorised Entrance Standby Person Refresher: Lockout-Tagout System First Aid & CPR Working at Height Refresher: Pest Control Latihan Pendedahan Kepada Bunyi Bising
Agriculture	Fire Drill (Passive & Active Fire Protection System) First Aid Training at Workplace Occupational Safety & Health in Office Contractor Safety Aspect Driver Safety -Driving Heavy Machinery Safety Operating Procedure for Harvesting Safety Operating Procedure for Manuring Safety Operating Procedure for Spraying Safety Operating Procedure for FFB Stamping Safety Operating Procedure for Farm Tractor Operation Safety Operating Procedure of Passenger Transportation Safety Operating Procedure of Chemical Transportation Safety Operating Procedure at Fertilizer Plant Safety Aspect-Loading/Unloading Fertilizer Safety Aspect in Workshop Operation Workshop Spillage Handling & Engine Cleaning Ergonomics and Manual Handling in the Workplace Chemical Safety Management Personal Protective Equipment (PPE) Training Waste Generated & Triple Rinse of Empty Wash Pesticide Containers (Environment Programme) Schedule Waste Management (Environment Programme) Risk Assessment-HIRARC Accident & Reporting Investigation (NADOPOD) Crisis Management & Emergency Response Plan

ANALYSIS OF SHAREHOLDINGS

AS AT 19 APRIL 2019

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	13.25	112,801	0.28
1,001 - 10,000	846	69.63	3,304,900	8.24
10,001 - 100,000	181	14.90	5,307,700	13.24
100,001 - 2,004,844 (less than 5% of issued shares)	21	1.73	7,394,500	18.44
≥ 2,004,845 (5% and above of issued shares)	1	0.08	23,976,982	59.80
TOTAL	1,215	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	769,000	1.92
5.	Chor King Chun	534,600	1.33
6.	Te Kim Leng	300,000	0.75
7.	Ho Phea Keat	270,000	0.67
8.	Chew Lim Cheong @ Hong Thiam Soon	260,000	0.65
9.	Choo Sai Hooi	260,000	0.65
10.	Tan Jin Tuan	252,000	0.63
11.	Ong Lei Im	246,000	0.61
12.	Tan Bee Ching	195,800	0.49
13.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Siu Ming	150,000	0.37
14.	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chor King Chun	146,000	0.36
15.	Chong Thin Tuck	137,000	0.34
16.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Saw Lee Yee	132,400	0.33
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soon Mui Yen @ Soon Nyuk Hen	130,000	0.32
18.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Gim Leong	125,600	0.31
19.	UOBM Nominees (Asing) Sdn Bhd CPB Quilvest Trust Ltd for The Sipadan Trust	120,000	0.30
20.	Tan Kim Huat & Sons Motor Sdn Berhad	110,000	0.27
21.	Hong Kim Eng	108,000	0.27
22.	Siaw Teck Hwa	104,900	0.26
23.	Hong Ying Ying	100,000	0.25
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kong Fui	100,000	0.25
25.	Tan Kim Huat & Sons Holdings Sdn Bhd	100,000	0.25
26.	Teoh Hock Soon	100,000	0.25
27.	Jimmy Pang Kia Lock	95,200	0.24
28.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Hong Peck Joo	93,500	0.23
29.	Hong Lee Fen	90,000	0.22
30.	Ng Chee Peng	85,200	0.21
	Total	32,135,382	80.14

LIST OF PROPERTIES

AS AT 31 JANUARY 2019

Item No.	Location	Tenure (Date of Expiry)	Land Area/ Build up Area sq.m	Existing use/ Description	Net Book Value As At 31-Jan-19 RM	Age of Building	Tenure of Leasehold Land	Date of Acquisition
1.	CL 105312703 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 28.02.2058)	4,028,645	Cocoa and Oil Palm Estate	2,806,536	24	39	19/10/1978
2.	CL 105334996 Brantian, Merotai Rd. Tawau, Sabah.	Leasehold (expiring on 31.12.2072)	1,211,629	Oil Palm Estate	285,597	-	53	12/6/1979
3.	CL 105339099 Brantian, Merotai Rd. Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	400,234	Oil Palm Estate	57,633	-	54	11/6/1979
4.	CL 105347493 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2069)	81,261	Cocoa and Oil Palm Estate	62,371	-	50	20/1/1981
5.	CL 105354050 Balung Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2073)	653,567	Oil Palm Estate	100,203	-	54	13/8/1984
6.	CL 105436299 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (expiring on 31.12.2079)	16,147	Cocoa and Oil Palm Estate	16,473	-	60	13/9/1980
7.	CL 245316849 (105316848/old) Tingkayu, Lahad Datu/Tawau, Sabah.	Leasehold (expiring on 31.12.2071)	1,216,485	Cocoa and Oil Palm Estate	723,354	5	52	28/7/1979
8.	CL 105368607 Sebatik Island Tawau, Sabah.	Leasehold (expiring on 31.12.2078)	513,951	Oil Palm Estate	699,644	-	59	1/7/2006
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	6,091,783	24	883	9/11/1989
10.	CL 105339053 Mile 2 ½ Tanjung Batu Laut Tawau, Sabah	Leasehold (expiring on 08.10.2902)	19,627/ 3,973	Cocoa processing office	1,124,286	41	883	1/10/1977

FINANCIAL STATEMENTS

For the Financial Year Ended 31 January 2019

DIRECTORS' REPORT

The directors are pleased to present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2019.

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 14 to the financial statements.

RESULTS

	Group RM	Company RM
Profit/(loss) net of tax	2,521,483	(2,803,207)
Profit/(loss) attributable to:		
Owners of the Company	2,521,483	(2,803,207)

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

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

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 25 to the financial statements.

The directors' benefits (directors of the Company and its subsidiaries) are as follows:

	Group RM	Company RM
Salaries and other emoluments	269,251	244,500
Bonus	1,575	-
Contributions to defined contribution plan	35,355	31,891
Social security contributions	1,859	1,421
Employment insurance scheme	145	95
Fees	54,000	54,000
	362,185	331,907

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
The Company	**1.2.2018**	**Acquired**	**Sold**	**31.1.2019**
Indirect interest: Datuk Hong Ngit Ming	25,978,182	-	-	25,978,182

	Number of 10% cumulative preference shares			
Holding company - HTG Holdings Sdn. Bhd.	**1.2.2018**	**Acquired**	**Sold**	**31.1.2019**
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 RM95,700 and RM49,200 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 with a resolution of the directors dated 13 May 2019.

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 61 to 115 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019 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 13 May 2019.

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 61 to 115 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 13 May 2019

Chong Nyet Wui
(MIA 4936)
Chief Financial Officer

Before me,
Mohd Afendi Bin Hashim
A-S 125
Mahkamah Sesyen Tawau

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 2019 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 61 to 115.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 49% 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 evaluated the related party disclosures in Note 25 to the financial statements.

We have performed the following procedures in respect of the revenue recognition:

- Obtained an understanding of the Group's basis in arriving at the negotiated selling prices between the Group and Teck Guan (China) Ltd for the current year;
- Read the terms and conditions of the sales contracts to assess that revenue are recognised in accordance to the Group's accounting policy;
- Agreed on a sample basis the revenue transactions recorded to the delivery documents; and
- Performed testing on transactions around the year end to evaluate whether revenues were recognised in the correct accounting period.

The Group's accounting policies and disclosures on revenue recognition are disclosed in Notes 2.18 and 4 respectively to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

1. As stated in Note 2.2 to the financial statements, Teck Guan Perdana Berhad adopted Malaysian Financial Reporting Standards on 1 February 2018 with a transition date of 1 February 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statement of financial position as at 31 January 2018 and 1 February 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 January 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 January 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 February 2018 do not contain misstatements that materially affect the financial position as of 31 January 2019 and financial performance and cash flows for the year then ended.

2. 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
02944/01/2021 J
Chartered Accountant

Tawau, Malaysia
13 May 2019

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2019

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	4	301,901,922	387,915,380	756,000	756,000
Cost of sales	5	(293,738,017)	(378,238,097)	(996,352)	(1,039,311)
Gross profit/(loss)		8,163,905	9,677,283	(240,352)	(283,311)
Other item of income					
Other operating income	6	2,447,088	2,343,967	689,149	576,368
Other items of expense					
Administrative expenses		(5,137,983)	(4,683,545)	(208,060)	(198,630)
Other expenses		-	(2,413,456)	-	-
Finance costs	7	(1,549,097)	(2,179,845)	(3,001,852)	(2,548,342)
Profit/(loss) before tax	8	3,923,913	2,744,404	(2,761,115)	(2,453,915)
Income tax expense	11	(1,402,430)	(1,262,194)	(42,092)	(25,676)
Profit/(loss) net of tax		2,521,483	1,482,210	(2,803,207)	(2,479,591)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		2,521,483	1,482,210	(2,803,207)	(2,479,591)
Profit/(loss) attributable to:					
Owners of the Company		2,521,483	1,482,210	(2,803,207)	(2,479,591)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		2,521,483	1,482,210	(2,803,207)	(2,479,591)
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	6.29	3.70		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2019

		Group		
	Note	2019 RM	2018 RM	1 February 2017 RM
Assets				
Non-current assets				
Property, plant and equipment	13	23,135,701	24,053,609	25,517,004
Deferred tax assets	15	-	4,704	4,704
		23,135,701	24,058,313	25,521,708
Current assets				
Biological assets	16	240,395	457,474	605,437
Inventories	17	27,884,882	47,991,114	54,456,311
Trade and other receivables	18	6,912,481	11,350,564	11,023,284
Tax recoverable		1,205,672	1,223,220	58,913
Cash and bank balances	19	39,376,347	52,960,470	24,082,171
Derivatives	20	-	156,193	34,924
		75,619,777	114,139,035	90,261,040
Total assets		98,755,478	138,197,348	115,782,748
Equity and liabilities				
Current liabilities				
Loans and borrowings	21	36,420,105	68,374,271	51,902,779
Trade and other payables	22	11,343,843	20,325,336	14,862,156
Derivatives	20	24,253	-	-
Income tax payable		140,700	1,095,206	1,074,540
		47,928,901	89,794,813	67,839,475
Net current assets		27,690,876	24,344,222	22,421,565
Non-current liabilities				
Deferred tax liabilities	15	1,752,708	1,850,149	2,873,097
Total liabilities		49,681,609	91,644,962	70,712,572
Net assets		49,073,869	46,552,386	45,070,176
Equity attributable to owners of the Company				
Share capital	23	40,103,902	40,103,902	40,096,902
Share premium		-	-	7,000
Retained earnings		8,969,967	6,448,484	4,966,274
Total equity		49,073,869	46,552,386	45,070,176
Total equity and liabilities		98,755,478	138,197,348	115,782,748

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2019

		Company		
	Note	2019 RM	2018 RM	1 February 2017 RM
Assets				
Non-current assets				
Property, plant and equipment	13	6	6	6
Investment in subsidiaries	14	30,064,430	30,064,430	30,064,430
Deferred tax assets	15	-	4,704	4,704
		30,064,436	30,069,140	30,069,140
Current assets				
Trade and other receivables	18	10,621,125	9,988,407	3,629,143
Tax recoverable		51,841	69,389	58,913
Cash and bank balances	19	786,611	696,869	390,824
		11,459,577	10,754,665	4,078,880
Total assets		41,524,013	40,823,805	34,148,020
Equity and liabilities				
Current liabilities				
Trade and other payables	22	45,850,115	42,346,700	33,191,324
Total liabilities		45,850,115	42,346,700	33,191,324
Net current liabilities		(34,390,538)	(31,592,035)	(29,112,444)
Net liabilities		(4,326,102)	(1,522,895)	956,696
Equity attributable to owners of the Company				
Share capital	23	40,103,902	40,103,902	40,096,902
Accumulated losses		(44,430,004)	(41,626,797)	(39,147,206)
Total equity		(4,326,102)	(1,522,895)	956,696
Total equity and liabilities		41,524,013	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 2019

	← Attributable to owners of the Company →			
		← Non-distributable →		Distributable
	Equity, total	Share capital (Note 23)	Share premium	Retained earnings
Group	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 February 2018	46,552,386	40,103,902	-	6,448,484
Profit net of tax	2,521,483	-	-	2,521,483
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	2,521,483	-	-	2,521,483
Closing balance at 31 January 2019	49,073,869	40,103,902	-	8,969,967
Opening balance at 1 February 2017	45,070,176	40,096,902	7,000	4,966,274
Profit net of tax	1,482,210	-	-	1,482,210
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	1,482,210	-	-	1,482,210
Transition to no-par value regime	-	7,000	(7,000)	-
Closing balance at 31 January 2018	46,552,386	40,103,902	-	6,448,484

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 2019

		← *Non-distributable*		→
	Equity, total	Share capital	Share premium	Accumulated losses
		(Note 23)		
Company	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 February 2018	(1,522,895)	40,103,902	-	(41,626,797)
Loss net of tax	(2,803,207)	-	-	(2,803,207)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(2,803,207)	-	-	(2,803,207)
Closing balance at 31 January 2019	(4,326,102)	40,103,902	-	(44,430,004)
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)

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

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Operating activities					
Profit/(loss) before tax		3,923,913	2,744,404	(2,761,115)	(2,453,915)
Adjustments for:					
Gain on disposal of property, plant and equipment		-	(1,486)	-	-
Depreciation of property, plant and equipment	8	1,598,093	1,613,907	-	-
Property, plant and equipment written off	8	3	515	-	-
Interest expense	7	1,549,097	2,179,845	3,001,852	2,548,342
Interest income	6	(612,861)	(514,032)	(689,149)	(576,368)
Inventories written down	8	62,916	-	-	-
Net unrealised fair value loss/(gain)on forward currency contracts		180,446	(121,269)	-	-
Net unrealised (gain)/loss on foreign exchange	8	(114,816)	2,265,493	-	-
Net fair value loss on biological assets		217,079	147,963	-	-
Total adjustments		2,879,957	5,570,936	2,312,703	1,971,974
Operating cash flows before working capital		6,803,870	8,315,340	(448,412)	(481,941)
Changes in working capital:					
Inventories		20,043,316	6,465,197	-	-
Trade and other receivables		4,399,663	(341,028)	(632,718)	(6,359,264)
Trade and other payables		(8,981,493)	6,100,135	3,503,415	9,155,376
Total changes in working capital		15,461,486	12,224,304	2,870,697	2,796,112
Cash flows generated from operations		22,265,356	20,539,644	2,422,285	2,314,171
Interest paid		(1,549,097)	(2,179,845)	(3,001,852)	(2,548,342)
Interest received		612,861	514,032	689,149	576,368
Income tax paid		(2,432,125)	(3,428,783)	(19,840)	(36,152)
Net cash flows generated from operating activities		18,896,995	15,445,048	89,742	306,045

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2019 (continued)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Investing activities					
Proceeds from disposal of property, plant and equipment		-	3,444	-	-
Acquisition of property, plant and equipment	13	(680,188)	(152,985)	-	-
Net cash flows used in investing activities		(680,188)	(149,541)	-	-
Financing activities					
Drawdown of letter of credit		34,881,828	63,992,672	-	-
Repayment of letter of credit		(40,972,565)	(57,901,935)	-	-
Proceeds from bankers' acceptances		167,008,000	216,694,000	-	-
Repayment of bankers' acceptances		(192,957,000)	(206,269,000)	-	-
Net cash flows (used in)/generated from financing activities		(32,039,737)	16,515,737	-	-
Net (decrease)/increase in cash and cash equivalents		(13,822,930)	31,811,244	89,742	306,045
Effect of exchange rate changes on cash and cash equivalents		153,236	(2,888,700)	-	-
Cash and cash equivalents at beginning of year		52,645,936	23,723,392	696,869	390,824
Cash and cash equivalents at end of year	19	38,976,242	52,645,936	786,611	696,869

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 2019

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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

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 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

For the periods up to and including the financial year ended 31 January 2018, the Group and the Company prepared their financial statements in accordance with Financial Reporting Standards ("FRS").

These financial statements, for the financial year ended 31 January 2019 are the Group's and the Company's first MFRS annual financial statements. MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. The date of transition to MFRS is 1 February 2017. Comparative information for the financial year ended 31 January 2018 in these financial statements have been restated to give effect of these changes and the financial impact on transition from FRSs to MFRSs are disclosed in this note.

There are no adjustments arising from the transition to MFRSs, except for those discussed below. Accordingly, notes related to the statement of financial position as at date of transition to MFRSs are only presented for those items.

The significant accounting policies adopted in preparing the financial statements are consistent with those of the audited financial statements for the year ended 31 January 2018, except as discussed below :

(i) Property, plant and equipment

Under FRS, certain property, plant and equipment are carried at revalued amounts. Upon transition to MFRS, the Group elected to measure such property, plant and equipment at cost less accumulated depreciation and impairment. The related assets revaluation reserve is therefore reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

(ii) Bearer plants and biological assets

Upon adoption of MFRS 141, biological assets/bearer plants are within the scope of MFRS 116 Property, Plant and Equipment and the Group measures bearer plants using the cost model. Whereas the unripe fresh fruit bunch ("FFB") on bearer plant are within the scope of MFRS 141 Agriculture. The unripe FFB is measured at fair value less cost to sell with the changes in fair value recognised in profit and loss and classified as current assets as the unripe FFB will be harvested within a year from the reporting date. Under FRS, produce growing on bearer plants are not recognised.

(iii) Revenue

The key effect as a result of adopting MFRS 15: Revenue from Contracts with Customer requires that expenses attributable to securing contracts with customers such as outbound logistic to be incurred in relation to satisfying the performance obligation and is presented as cost of sales in the financial statements. In relation to that, outbound logistic costs presented previously under marketing and distribution expenses is now presented under cost of sales.

(iv) Other adjustments

Other adjustments relate to the consequential effects of the above transition adjustments on deferred tax, retained earnings and income tax expenses.

Notes to the reconciliation of equity as at 1 February 2017 (date of transition to MFRS) and 31 January 2018 and profit or loss and comprehensive income for year ended 31 January 2018.

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

Group	As at 1 February 2017 Under FRS		Re-measurements	As at 1 February 2017 Under MFRS
	RM	Note	RM	RM
Assets				
Non-current assets				
Property, plant and equipment ("PPE")	53,681,723	(i)	(28,164,719)	25,517,004
Biological assets	44,881,220	(i) (ii)	(44,881,220)	-
Deferred tax assets	4,704			4,704
	98,567,647			25,521,708
Current assets				
Biological assets	-	(ii)	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			115,782,748

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

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

Group (continued)	As at 1 February 2017 Under FRS	Note	Re-measurements	As at 1 February 2017 Under MFRS
	RM		RM	RM
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	21,816,218			22,421,565
Non-current liabilities				
Deferred tax liabilities	17,468,691	(iv)	(14,595,594)	2,873,097
Total liabilities	85,308,166			70,712,572
Net assets	102,915,084			45,070,176
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)(ii)(iv)	(3,322,745)	4,966,274
Total equity	102,915,084			45,070,176
Total equity and liabilities	188,223,250			115,782,748

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

(b) Reconciliation of equity as at 31 January 2018

Group	As at 31 January 2018 Under FRS		Re-measurements	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
Assets				
Non-current assets				
Property, plant and equipment ("PPE")	51,855,638	(i)	(27,802,029)	24,053,609
Biological assets	40,782,869	(i) (ii)	(40,782,869)	-
Deferred tax assets	4,704			4,704
	92,643,211			24,058,313
Current assets				
Biological assets	-	(ii)	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			138,197,348
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 liabilities				
Deferred tax liabilities	15,410,604	(iv)	(13,560,455)	1,850,149
Total liabilities	105,205,417			91,644,962
Net assets	101,119,355			46,552,386

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.2 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (continued)

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

Group (continued)	As at 31 January 2018 Under FRS		Re-measurements	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
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)(ii)(iv)	(3,186,143)	6,448,484
Total equity	101,119,355			46,552,386
Total equity and liabilities	206,324,772			138,197,348

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

Group (continued)	As at 31 January 2018 Under FRS		Re-measurements	As at 31 January 2018 Under MFRS
	RM	Note	RM	RM
Revenue	387,915,380			387,915,380
Cost of sales	(371,334,980)	(i) (iii)	(6,903,117)	(378,238,097)
Gross profit	16,580,400			9,677,283
Other item of income				
Other operating income	2,343,967			2,343,967
Other items of expense				
Administrative expenses	(16,047,703)	(i) (iii)	11,364,158	(4,683,545)
Other expenses	(2,265,493)	(ii)	(147,963)	(2,413,456)
Finance costs	(2,179,845)			(2,179,845)
(Loss)/profit before tax	(1,568,674)			2,744,404
Income tax expense	(227,055)	(iv)	(1,035,139)	(1,262,194)
(Loss)/profit net of tax	(1,795,729)			1,482,210
Other comprehensive Income	-			-
Total comprehensive (loss)/ profit for the year	(1,795,729)			1,482,210

2. **Summary of significant accounting policies (continued)**

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
MFRS 119: Plan Amendments, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards:	
- Amendments to MFRS 3: Business Combinations - Definition of a Business	1 January 2020
- Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations would have no material impact on the financial statements in the period of initial application, except as discussed below:

MFRS 16 Leases

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

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.3 Standards issued but not yet effective (continued)

MFRS 16 Leases (continued)

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

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

The standard will affect primarily the accounting for the Group's operating leases. As at 31 January 2019, the Group has operating lease commitments of RM4,284,374. MFRS 117 does not require the recognition of any right-of-use asset or liability for future payments for these operating leases. Instead, certain disclosures are made in Note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16 and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of these leases. The new requirements to recognise a right-of-use asset and related lease liability is expected to have a significant impact on the amounts recognised in the Group's financial statements and the Group is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Group completes the review.

For finance leases where the Group is lessee, the Group has already recognised an asset and a related finance lease liability for such lease arrangements. Accordingly, the Group does not anticipate the application of MFRS 16 to have a significant impact on the Group's financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.4 Basis of consolidation (continued)

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 Groupt 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.

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. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

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.

(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

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.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

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

Bearer plants of oil palms consists of accumulated plantation development costs incurred from land clearing to the point of maturity of the crop cultivated. Capitalisation of plantation development and other operating costs ceases upon commencement of commercial harvesting, which is approximately 3 years. When a bearer crop has reached the end of its useful life and is replanted, the carrying amount of the old bearer plants are derecognised, and the costs of the new bearer plants are treated as a replacement of the old bearer plants and capitalised. The bearer plants are amortised over 25 years.

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.

Depreciation of other property, plant and equipment are computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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 appropriate.

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

Biological assets comprised produce growing on bearer plants. Biological assets are classified as current assets as they are expected to be harvested and sold or used for production on a date not more than four (4) weeks after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

2.9 Impairment of non-financial assets

The Group and the Company 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")].

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.9 Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

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

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

2.10 Current versus non-current classification

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.11 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Fair value measurement

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 by the Group. 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 uses 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 value is 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 measurement as a whole :

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which 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 at fair value on a recurring basis, the Group determines 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.whole) at the end of each reporting period.

a) Financial assets

Initial recognition and measurement

A financial asset is initially measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. However, a trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

a) Financial assets (continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are :

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

This category generally applies to trade and other receivables. For more information on receivables, refer to Note 18.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses 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 de-recognised.

The Group did not have any debt instruments under this category during the year ended 31 January 2019 and 2018.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

The Group did not have any debt instruments under this category during the year ended 31 January 2019 and 2018.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments where the Group and the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently remeasured at their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

a) Financial assets (continued)

Derecognition

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 for debt instruments is recognised in profit or loss.

b) Impairment of financial assets

An allowance is recognised for expected credit losses ("ECLs") for all debt instruments not held at fair valule through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collaterals held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, a simplified approach is applied in calculating ECLs. Therefore, credit risk is not tracked, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is established that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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 are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.11 Financial instruments – initial recognition and subsequent measurement (continued)

c) Financial liabilities (continued)

At amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information refer Note 21.

Financial guarantee contracts

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

Financial guarantees issued are initially measured at fair value, net of transaction costs. Subsequently, they are measured at higher of the amount of the loss allowance; and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from contracts with customers.

Derecognition

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

d) Offsetting of financial instruments

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

2.12 Cash and cash equivalents

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

2.13 Inventories

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

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

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

2. **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 Employee benefits

a) Short term benefits

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

b) Defined contribution plans

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

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.17 Leases (continued)

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.

2.18 Revenue recognition

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when a performance obligation is satisfied by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

a) Sale of goods

Revenue from sale of goods is recognised net of discount and taxes at the point in time when control of the goods has transferred to the customers. The transaction price is allocated to each performance obligation based on the standalone selling price of the goods. There is no element of financing present as the sale of goods are either on cash terms (immediate payment or advance payment not exceeding 30 days) or on credit terms of up to 30 days.

b) Administrative fee

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

c) Rental income

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

d) Dividend income

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

e) Interest income

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

2.19 Income taxes

a) Current tax

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

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

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except :

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.19 Income taxes (continued)

b) Deferred tax (continued)

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

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

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

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

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

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

c) Goods and Services Tax ("GST")

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

- Where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

2.20 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 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. **Summary of significant accounting policies (continued)**

2.22 Derivative financial instruments

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

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

2.23 Contingencies

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

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

3. **Significant accounting judgements and estimates**

The preparation of the Group's and the Company's financial statements requires 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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Bearer plants

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is depreciated at maturity of the crop over the useful economic lives of the crop. Management estimates the useful economic lives of the Group's oil palms to be 25 years.

b) Biological assets

The biological assets of the Group comprise of fresh fruit bunches prior to harvest. To arrive at the fair value of FFB prior to harvest, the management considers the oil content of the unripe FFB. It is assumed that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible and are accordingly excluded from valuation. The fair value of FFB prior to harvest is computed based on market approach and takes into consideration the market price of harvested FFB, adjusted to the estimated oil content of unharvested FFB less harvesting, transport and other costs to sell.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Revenue

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Revenue from contracts with customers:				
Types of goods or services				
Sale of crude palm kernel oil	179,178,701	246,126,444	-	-
Sale of palm oil related products	64,529,356	90,084,481	-	-
Sale of palm kernel expeller	28,877,666	18,590,832	-	-
Sale of plantation produce	9,161,456	12,474,246	-	-
Sale of cocoa products	10,762,838	10,811,587	-	-
Sale of dried cocoa beans	12,112	1,775	-	-
Freight income	9,379,793	9,826,015	-	-
Administrative fees from subsidiaries	-	-	756,000	756,000
	301,901,922	387,915,380	756,000	756,000
Timing of revenue recognition				
At a point of time	292,522,129	378,089,365	-	-
Over time	9,379,793	9,826,015	756,000	756,000
	301,901,922	387,915,380	756,000	756,000

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 January are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Within one year	42,251,757	45,751,276	-	-

5. Cost of sales

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cost of goods sold	293,738,017	378,238,097	-	-
Cost of services rendered	-	-	996,352	1,039,311
	293,738,017	378,238,097	996,352	1,039,311

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Other operating income

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest income	612,861	514,032	689,149	576,368
Gain on disposal of property, plant and equipment	-	1,486	-	-
Gain on foreign exchange:				
- realised	101,953	515,943	-	-
- unrealised	114,816	-	-	-
Rental income	171,000	171,000	-	-
Net fair value gain on forward currency contracts:				
- realised	-	34,924	-	-
- unrealised	-	121,269	-	-
Realised gain on commodity futures contracts	298,500	536,650	-	-
Miscellaneous	797,958	425,264	-	-
Insurance claim	350,000	23,399	-	-
	2,447,088	2,343,967	689,149	576,368

7. Finance costs

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Interest expense on:				
Bank overdrafts	175	-	-	-
Bankers' acceptances	1,548,922	2,179,845	-	-
Amounts due to subsidiaries	-	-	3,001,852	2,548,342
	1,549,097	2,179,845	3,001,852	2,548,342

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Employee benefits expense (Note 9)	6,500,468	6,228,692	900,240	947,085
Non-executive directors' remuneration (Note 10)	54,000	54,000	54,000	54,000
Auditors' remuneration:				
- Statutory audits:				
- current year	95,700	85,000	49,200	42,000
- underprovision in previous years	5,500	5,000	1,000	3,000
- Other services				
- current year	7,500	6,000	7,500	6,000
- underprovision in previous years	4,000	-	4,000	3,000
Depreciation of property, plant and equipment (Note 13)	1,598,093	1,613,907	-	-
Net (gain)/loss on foreign exchange:				
- realised	(101,953)	(515,943)	-	-
- unrealised	(114,816)	2,265,493	-	-
Property, plant and equipment written off	3	515	-	-
Inventories written down	62,916	-	-	-
Rental expense:				
- equipment	96,279	88,156	10,889	9,790
- land and factory	2,193,288	2,193,288	-	-
- office	45,960	45,960	25,200	25,200

9. **Employee benefits expense**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Salaries, wages and allowances	6,008,116	5,769,499	805,016	849,410
Contributions to defined contribution plan	439,620	412,168	88,430	91,559
Social security contributions	48,066	46,617	6,284	6,071
Employment insurance scheme	4,666	408	510	45
	6,500,468	6,228,692	900,240	947,085

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM308,185 (2018: RM261,573) and RM277,907 (2018: RM249,484) respectively as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Directors' remuneration

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive:				
Salaries and other emoluments	269,251	213,026	244,500	204,108
Bonus	1,575	21,835	-	19,875
Contributions to defined contribution plan	35,355	25,685	31,891	24,624
Social security contribution	1,859	1,015	1,421	869
Employment insurance scheme	145	12	95	8
Total executive directors' remuneration (excluding benefits-in-kind)	308,185	261,573	277,907	249,484
Estimated monetary value of benefits-in-kind	-	-	-	-
Total executive directors' remuneration (including benefits-in-kind)	308,185	261,573	277,907	249,484
Non-executive:				
Fees (Note 8)	54,000	54,000	54,000	54,000
	362,185	315,573	331,907	303,484

11. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 January 2019 and 2018 are:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,496,125	2,299,385	37,391	21,625
- (Over)/underprovision in respect of previous years	(958)	(14,243)	(3)	4,051
	1,495,167	2,285,142	37,388	25,676
Deferred income tax (Note 15):				
- Origination and reversal of temporary differences	(93,059)	(1,022,948)	4,704	-
- Underprovision in respect of previous years	322	-	-	-
	(92,737)	(1,022,948)	4,704	-
- Income tax expense recognised in profit or loss	1,402,430	1,262,194	42,092	25,676

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. **Income tax expense (continued)**

Reconciliation between tax expense and accounting profit/(loss)

The reconciliations between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 January 2019 and 2018 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Accounting profit/(loss) before tax	3,923,913	2,744,404	(2,761,115)	(2,453,915)
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	941,739	658,657	(662,668)	(588,940)
Adjustments :				
Non-deductible expenses	914,238	943,392	700,059	610,565
Income not subject to tax	(92,548)	(6,409)	-	-
Utilisation of previously unrecognised tax losses	(471,195)	(319,583)	-	-
Deferred tax assets not recognised on unabsorbed capital allowances	110,832	480	4,704	-
(Over)/underprovision of current income tax in respect of previous years	(958)	(14,243)	(3)	4,051
Underprovision of deferred tax in respect of previous years	322	-	-	-
Income tax expense recognised in profit or loss	1,402,430	1,262,194	42,092	25,676

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

12. **Earnings per share**

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

The following table reflects the profit and share data used in the computation of basic earnings per share for the years ended 31 January 2019 and 2018:

	Group	
	2019	2018
Profit net of tax, attributable to owners of the Company (RM)	2,521,483	1,482,210
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic earnings per share (sen)	6.29	3.70

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	Bearer plant RM	Tractors and motor vehicles RM	Plant and machinery RM	Equipment, furniture and fixtures RM	Construction work-in-progress RM	Total RM
Cost :							
At 1 February 2018	19,675,924	8,162,885	2,434,070	47,042,705	1,496,899	75,234	78,887,717
Additions	115,289	-	330,420	188,501	26,875	19,103	680,188
Written off	-	-	-	-	(2,820)	-	(2,820)
Reclassifications	94,337	-	-	-	-	(94,337)	-
At 31 January 2019	19,885,550	8,162,885	2,764,490	47,231,206	1,520,954	-	79,565,085
Accumulated depreciation and accumulated impairment:							
At 1 February 2018	8,216,985	3,549,638	2,324,046	39,567,155	1,176,284	-	54,834,108
Depreciation charge for the year (Note 8)	327,454	344,017	65,256	761,540	99,826	-	1,598,093
Written off	-	-	-	-	(2,817)	-	(2,817)
At 31 January 2019	8,544,439	3,893,655	2,389,302	40,328,695	1,273,293	-	56,429,384
Net carrying amount:							
At 31 January 2019	11,341,111	4,269,230	375,188	6,902,511	247,661	-	23,135,701
Cost:							
At 1 February 2017	19,675,924	8,110,616	2,434,070	47,030,957	1,569,914	-	78,821,481
Additions	-	52,269	-	11,748	13,734	75,234	152,985
Disposals	-	-	-	-	(81,903)	-	(81,903)
Written off	-	-	-	-	(4,846)	-	(4,846)
At 31 January 2018	19,675,924	8,162,885	2,434,070	47,042,705	1,496,899	75,234	78,887,717
Accumulated depreciation and accumulated impairment:							
At 1 February 2017	7,877,031	3,211,909	2,253,801	38,799,002	1,162,734	-	53,304,477
Depreciation charge for the year (Note 8)	339,954	337,729	70,245	768,153	97,826	-	1,613,907
Disposals	-	-	-	-	(79,945)	-	(79,945)
Written Off	-	-	-	-	(4,331)	-	(4,331)
At 31 January 2018	8,216,985	3,549,638	2,324,046	39,567,155	1,176,284	-	54,834,108
Net carrying amount:							
At 31 January 2018	11,458,939	4,613,247	110,024	7,475,550	320,615	75,234	24,053,609
At 1 February 2017	11,798,893	4,898,707	180,269	8,231,955	407,180	-	25,517,004

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. **Property, plant and equipment (continued)**

*Land and buildings of the Group comprise :

Group	Long-term leasehold land RM	Short-term leasehold land RM	Plantation infrastructure RM	Buildings RM	Other infrastructure RM	Total RM
Cost:						
At 1 February 2018	3,978,479	5,013	6,949,369	8,277,248	465,815	19,675,924
Additions	-	-	115,289	-	-	115,289
Reclassifications	-	-	94,337	-	-	94,337
At 31 January 2019	3,978,479	5,013	7,158,995	8,277,248	465,815	19,885,550
Accumulated depreciation and accumulated impairment:						
At 31 January 2018	216,713	2,181	3,850,881	4,082,574	64,636	8,216,985
Depreciation charge for the year (Note 8)	14,086	119	131,302	172,631	9,316	327,454
At 31 January 2019	230,799	2,300	3,982,183	4,255,205	73,952	8,544,439
Net carrying amount:						
At 31 January 2019	3,747,680	2,713	3,176,812	4,022,043	391,863	11,341,111
Cost:						
At 1 February 2017 and 31 January 2018	3,978,479	5,013	6,949,369	8,277,248	465,815	19,675,924
Accumulated depreciation and accumulated impairment:						
At 1 February 2017	202,628	2,062	3,707,076	3,909,945	55,320	7,877,031
Depreciation charge for the year (Note 8)	14,085	119	143,805	172,629	9,316	339,954
At 31 January 2018	216,713	2,181	3,850,881	4,082,574	64,636	8,216,985
Net carrying amount:						
At 31 January 2018	3,761,766	2,832	3,098,488	4,194,674	401,179	11,458,939
At 1 February 2017	3,775,851	2,951	3,242,293	4,367,303	410,495	11,798,893

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. **Property, plant and equipment (continued)**

Company	Equipment, furniture and fixtures RM
Cost:	
At 1 February 2017, 31 January 2018, 1 February 2018 and 31 January 2019	16,258
Accumulated depreciation:	
At 1 February 2017, 31 January 2018, 1 February 2018 and 31 January 2019	16,252
Net carrying amount:	
At 1 February 2017, 31 January 2018, 1 February 2018 and 31 January 2019	6

14. **Investment in subsidiaries**

	Company	
	2019 RM	2018 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 2019	2018	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. **Deferred tax (assets)/liabilities**

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

Group	As at 1 February 2017	Recognised in profit or loss	As at 31 January 2018	Recognised in profit or loss	As at 31 January 2019
		(Note 11)		(Note 11)	
	RM	RM	RM	RM	RM
Deferred tax liabilities:					
Property, plant and equipment	5,129,098	(1,293,186)	3,835,912	(318,636)	3,517,276
Biological assets	145,306	(35,512)	109,794	(52,099)	57,695
	5,274,404	(1,328,698)	3,945,706	(370,735)	3,574,971
Deferred tax assets:					
Unutilised tax losses	291,147	(1,027,800)	(736,653)	272,305	(464,348)
Unabsorbed capital allowances	(2,533,796)	1,170,188	(1,363,608)	5,693	(1,357,915)
Others	(163,362)	163,362	-	-	-
	(2,406,011)	305,750	(2,100,261)	277,998	(1,822,263)
	2,868,393	(1,022,948)	1,845,445	(92,737)	1,752,708
Company					
Deferred tax liability:					
Property, plant and equipment	1	-	1	-	1
Deferred tax asset:					
Unabsorbed capital allowances	(4,705)	-	(4,705)	4,704	(1)
	(4,704)	-	(4,704)	4,704	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax assets	(1)	(4,704)	(1)	(4,705)
Deferred tax liabilities	1,752,709	1,850,149	1	1
	1,752,708	1,845,445	-	(4,704)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. **Deferred tax (assets)/liabilities (continued)**

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

	Group	
	2019 RM	2018 RM
Unutilised tax losses	35,111,397	37,074,708
Unabsorbed capital allowances	5,623,408	5,333,049
Other deductible temporary differences	680,673	680,673

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.

At the reporting date, the Group has tax losses and unabsorbed capital allowances that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised because it is not probable that future taxable profits will be available against which the Group can use the benefits therefrom. The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. The unutilised tax losses will expire in 2025.

16. **Biological assets**

			Group RM
At fair value			
At 1 February 2017			605,437
Transfer to produce stock			(605,437)
Changes in the fair value			457,474
At 31 January 2018			457,474
Transfer to produce stock			(457,474)
Changes in fair value			240,395
At 31 January 2019			240,395
	2019 MT	**2018 MT**	**2017 MT**
Production for the year	23,849	24,404	20,896

The biological assets of the Group comprise of oil palm fresh fruit bunches ("FFB") prior 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.

To arrive at the fair value of FFB, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 4 weeks to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 4 weeks prior to harvest was used for valuation purpose. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for cost to sell at the point of harvest. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss.

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Inventories

	Group	
	2019 RM	2018 RM
At cost		
Finished goods	24,204,957	44,309,996
Raw materials	314,520	1,215,741
Trading goods	2,167,609	1,412,031
Stores and supplies	1,197,768	1,053,318
	27,884,854	47,991,086
At net realisable value		
Raw materials	19	19
Store and materials	9	9
	27,884,882	47,991,114

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM267,558,295 (2018: RM352,061,733).

	Group		Company	
Current	2019 RM	2018 RM	2019 RM	2018 RM
Trade receivables				
Third parties	2,892,323	1,855,273	-	-
Amounts due from related companies	984,856	1,106,729	-	-
	3,877,179	2,962,002	-	-
Other receivables				
Amounts due from related parties:				
Subsidiaries	-	-	10,601,741	9,969,024
Related companies	64,696	54,699	-	-
	64,696	54,699	10,601,741	9,969,024
Deposits	676,925	682,925	1,050	1,050
Prepayments	30,564	30,566	18,334	18,333
Sundry receivables	75,737	759,477	-	-
GST receivable	2,187,380	6,860,895	-	-
	3,035,302	8,388,562	10,621,125	9,988,407
Total trade and other receivables	6,912,481	11,350,564	10,621,125	9,988,407
Add: Cash and bank balances (Note 19)	39,376,347	52,960,470	786,611	696,869
Less: Prepayments	(30,564)	(30,566)	(18,334)	(18,333)
Total financial assets carried at amortised cost	46,258,264	64,280,468	11,389,402	10,666,943

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Trade and other receivables (continued)

a) Trade receivables

Trade receivables are generally on 30 to 60 days (2018: 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	
	2019 RM	2018 RM
Neither past due nor impaired	3,806,740	2,914,638
1 to 30 days past due not impaired	-	-
31 to 60 days past due not impaired	62,542	-
61 to 90 days past due not impaired	-	-
91 to 120 days past due not impaired	-	-
More than 121 days past due not impaired	7,897	47,364
	70,439	47,364
	3,877,179	2,962,002

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 RM70,439 (2018: RM47,364) 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 a subsidiary

Amounts due from a subsidiary are unsecured, earn interest at the rate of 6.65% to 6.93% (2018: 6.65%) per annum and are repayable on demand.

d) Sundry receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. **Cash and bank balances**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash at banks and on hand	5,944,997	24,930,470	6,611	16,869
Short-term deposits with licensed banks	33,431,350	28,030,000	780,000	680,000
	39,376,347	52,960,470	786,611	696,869

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 (2018: 1 day and 11 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	
	2019 %	2018 %	2019 %	2018 %
Licensed banks	2.68	2.81	2.85	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	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	39,376,347	52,960,470	786,611	696,869
Less: Bank overdrafts (Note 21)	(400,105)	(314,534)	-	-
Cash and cash equivalents	38,976,242	52,645,936	786,611	696,869

20. **Derivatives**

	2019		2018	
Group	Contract/ notional amount RM	Assets RM	Contract/ notional amount RM	Assets RM
Non-hedging derivatives:				
Forward currency contracts	10,000,814	(24,253)	47,847,319	156,193

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 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Loans and borrowings

	Group	
	2019 RM	2018 RM
Current		
Secured:		
Bankers' acceptances	36,020,000	61,969,000
Letter of credit	-	6,090,737
	36,020,000	68,059,737
Unsecured:		
Bank overdrafts	400,105	314,534
	36,420,105	68,374,271
Total loans and borrowings		
Bankers' acceptances	36,020,000	61,969,000
Bank overdrafts (Note 19)	400,105	314,534
Letter of credit	-	6,090,737
	36,420,105	68,374,271

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

	Group	
	2019 RM	2018 RM
On demand or within one year	36,420,105	68,374,271

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

	Group	
	2019 %	2018 %
Bank overdrafts	7.54	7.44
Bankers' acceptances	3.91	3.76
Letter of credit	0.10	0.10

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Changes in liabilities arising from financing activities:

Group	At 1 February 2018 RM	Drawdown RM	Repayment RM	At 31 January 2019 RM
Bankers' acceptances	61,969,000	167,008,000	(192,957,000)	36,020,000
Letter of credit	6,090,737	34,881,828	(40,972,565)	-
	68,059,737	201,889,828	(233,929,565)	36,020,000

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

22. **Trade and other payables**

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Trade payables				
Amounts due to related companies	5,297,319	6,326,339	-	-
Third parties	3,214,913	11,808,330	-	-
	8,512,232	18,134,669	-	-
Other payables				
Amounts due to related parties:				
Subsidiaries	-	-	45,754,611	42,148,915
Related companies	524,282	787,521	4,356	4,927
	524,282	787,521	45,758,967	42,153,842
Accruals	516,310	873,955	77,167	192,858
Advances	299,317	-	-	-
Deposits	1,150	1,150	-	-
Sundry payables	1,490,552	528,041	13,981	-
	2,831,611	2,190,667	45,850,115	42,346,700
Total trade and other payables	11,343,843	20,325,336	45,850,115	42,346,700
Add: Loans and borrowings (Note 21)	36,420,105	68,374,271	-	-
Total financial liabilities carried at amortised cost	47,763,948	88,699,607	45,850,115	42,346,700

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. **Trade and other payables (continued)**

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 (2018: 30 to 60 days).

b) Amounts due to subsidiaries

The amounts due to subsidiaries bear interest at rates 6.65% to 6.93% (2018: 6.65%) 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.

23. **Share capital**

	Number of ordinary shares		Amount	
	2019	2018	2019 RM	2018 RM
Issued and fully paid				
At beginning of year	40,096,902	40,096,902	40,103,902	40,096,902
Transition to no-par value regime	-	-	-	7,000
At end of year	40,096,902	40,096,902	40,103,902	40,103,902

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Commitments

Operating lease commitments - as lessee

The Group has entered into operating lease agreement for the use of buildings. The operating lease has a life of 3 years (2018: 3 years).

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

	Group	
	2019 RM	2018 RM
Not later than 1 year	2,166,240	2,166,240
Later than 1 year but not later than 5 years	2,346,760	4,513,000
	4,513,000	6,679,240

25. 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	2019 RM	2018 RM
With subsidiaries of the holding company			
Sale of crude palm kernel oil to:			
Teck Guan (China) Ltd.	(ii)	138,570,266	178,739,754
Sale of palm kernel expeller to:			
Sudutjasa Sdn. Bhd.	(ii)	126,990	157,218
Teck Guan (China) Ltd.	(ii)	-	73,089
Teck Guan Trading Sdn. Bhd.	(ii)	37,123	42,621
Sale of oil palm fresh fruit bunches (FFB) to:			
Sungai Burung Industries Sdn. Bhd.	(ii)	5,174,072	8,161,784
Tri Grow Sdn. Bhd.	(ii)	155,214	171,718
Konsep Muktamad Sdn. Bhd.	(ii)	1,740,900	2,136,641
Prosperous Sebatik Sdn. Bhd.	(ii)	491,995	621,573
Utas Sutera Sdn. Bhd.	(ii)	51,747	-
Sale of cocoa powder to:			
Teck Guan Trading Sdn. Bhd.	(ii)	539,230	372,440
Sale of chocolate products to:			
Teck Guan Trading Sdn. Bhd.	(ii)	1,559,638	1,536,358

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. **Related party disclosures (continued)**

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

Group (continued)	Note	2019 RM	2018 RM
<u>**With subsidiaries of the holding company (continued)**</u>			
Sale of cocoa beans to:			
Teck Guan Trading Sdn. Bhd.	(ii)	10,050	-
Sale of fruits to:			
Hotel Emas Sdn. Bhd.	(ii)	31,558	-
Sale of property, plant and equipment to:			
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
Hiring of vehicle and transport charges charged to:			
Stellar Energy Sdn. Bhd.	(ii)	1,452	-
Sungai Burung Industries Sdn. Bhd.	(ii)	793	-
Konsep Muktamad Sdn. Bhd.	(ii)	3,228	-
Evergreen Intermerge Sdn. Bhd.	(ii)	1,024	-
Ladang Subur Sdn. Bhd.	(ii)	25,658	-
Semporna Estate Sdn. Bhd.	(ii)	464	-
Universal Province Sdn. Bhd.	(ii)	6,300	-
Purchase of palm kernel from:			
Atlantica Sdn. Bhd.	(iii)	7,152,715	10,584,031
Brantian Palm Oil Sdn. Bhd.	(iii)	10,993,969	15,562,825
Konsep Muktamad Sdn. Bhd.	(iii)	16,663,953	23,410,953
Prosperous Sebatik Sdn. Bhd.	(iii)	13,038,795	17,232,299
Sungai Burung Industries Sdn. Bhd.	(iii)	21,930,966	33,243,665

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Related party disclosures (continued)

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

Group (continued)	Note	2019 RM	2018 RM
With subsidiaries of the holding company (continued)			
Purchase of goods from:			
Teck Guan Trading Sdn. Bhd. (chemical and fertilizer)	(iii)	217,507	215,887
Teck Guan Sdn. Bhd. (diesel and lubricant)	(iii)	370,681	272,242
Prosperous Sebatik Sdn. Bhd. (chemical and fertilizer)	(iii)	152,646	-
Bestbricks (Sabah) Sdn. Bhd. (fertilizer)	(iii)	1,450,745	996,592
Stellar Energy Sdn. Bhd. (wet cocoa beans)	(iii)	1,129	-
Teck Guan Industries Sdn. Bhd. (fertilizer)	(iii)	4,946	21,055
Hotel Emas Sdn. Bhd. (food and beverage)	(iii)	7,513	2,511
Sungai Burung Industries Sdn. Bhd. (palm acid oil)	(iii)	2,797,810	-
Purchase of property, plant and equipment from:			
Hotel Emas Sdn. Bhd.	(iii)	1,200	600
Andum Sdn. Bhd.	(iii)	50,000	-
Electricity, water and utilities charges charged by:			
Jolly Land Sdn. Bhd.	(iii)	46,920	42,120
Evergreen Intermerge Sdn. Bhd.	(iii)	1,566,039	897,227
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)	96,279	88,156
Insurance expense charged by:			
Teck Guan Holdings Sdn. Bhd.	(iii)	910	1,064
Plantation administrative fee charged by:			
Prosperous Sebatik Sdn. Bhd.	(iii)	36,000	36,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Related party disclosures (continued)

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

Company	Note	2019 RM	2018 RM
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)	652,153	548,134
Majulah Koko Tawau Sdn. Bhd.	(i)	-	23,476
Interest expense charged by:			
Tawau Cocoa Estate Sdn. Bhd.	(i)	3,001,852	2,547,192
Majulah Koko Tawau Sdn. Bhd.	(i)	-	1,150
With a subsidiary of the holding company			
Computer rental charged by:			
Hoko Sdn. Bhd.	(iii)	10,889	9,790

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 2019 is disclosed in Note 18 and Note 22.

b) Compensation of key management personnel

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	471,723	446,213	444,909	381,185
Post-employment benefits:				
Defined contribution plan	44,542	43,664	41,078	42,131
	516,265	489,877	485,987	423,316

Included in compensation of key management personnel is directors' remuneration amounting to RM362,185 (2018: RM315,573) and RM331,907 (2018: RM303,484) of the Group and the Company respectively as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. **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 2019 and 31 January 2018 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2019				
Assets/(liabilities)				
Biological assets	-	-	240,395	240,395
Derivatives				
- Forward currency contracts	-	(24,253)	-	(24,253)
2018				
Assets				
Biological assets	-	-	457,474	457,474
Derivatives				
- Forward currency contracts	-	156,193	-	156,193

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. 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.

27. 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 default 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 investment securities and cash and bank balances and derivatives), 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 120 days when they fall due, which are derived based on the Group's historical information.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. **Financial risk management objectives and policies (continued)**

a) Credit risk (continued)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Actual or expected change in external or internal credit rating

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

- Actual or expected significant changes in the operating results of the borrower

- Significant increases in credit risk on other financial instruments of the same borrower

- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower

- A breach of contract, such as a default or past due event

- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 180 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

i) Trade and other receivables

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. These customers have low risk of default.

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Financial risk management objectives and policies (continued)

a) Credit risk (continued)

ii) Amounts due from subsidiaries

Generally, the Company considers the amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries outstanding balances when they are payable, the Company considers the amounts due from subsidiaries to be in default when the subsidiaries are not able to pay when demanded. The Company considers the amount due from subsidiary to be credit impaired when:

- The subsidiary is unlikely to repay its outstanding balances to the Company in full; or

- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

Information regarding loss allowance movement of amount due from subsidiaries are disclosed in Note 18.

iii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of baking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis. The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

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			
	2019		2018	
	RM	% of total	RM	% of total
By country:				
Malaysia	1,450,302	37	1,318,325	44
Egypt	-	-	939,850	32
Turkey	673,769	17	-	-
Singapore	638,628	17	381,741	13
Peoples' Republic of China	587,010	15	63,030	2
Jordan	412,936	11	259,056	9
Pakistan	114,534	3	-	-
	3,877,179	100	2,962,002	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. **Financial risk management objectives and policies (continued)**

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.

	On demand or within one year	
	2019 RM	**2018 RM**
Group		
Financial liabilities:		
Trade and other payables	11,343,843	20,325,336
Loans and borrowings	36,420,105	68,374,271
Total undiscounted financial liabilities	47,763,948	88,699,607
Company		
Financial liabilities:		
Trade and other payables	45,850,115	42,346,700
Total undiscounted financial liabilities	45,850,115	42,346,700
Financial guarantee contracts	197,800,000	176,600,000

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 (2018: 25 points) lower/higher, with all other variables held constant, the Group's (loss)/profit net of tax would have been RM31,809 (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. Financial risk management objectives and policies (continued)

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 90% (2018: 77%) of the Group's sales are denominated in foreign currencies and 76% (2018: 75%) of cost of sales are denominated in RM. 69% (2018: 56%) 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 RM15,760,686 (2018: RM21,261,931) for the Group.

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

Sensitivity analysis for foreign currency risk

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

		Profit net of tax	
Group		2019 RM	2018 RM
RM/USD	- strengthened 5%	348,603	786,850
	- weakened 5%	(348,603)	(786,850)

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.

28. 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 2019 and 31 January 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. **Capital management (continued)**

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Loans and borrowings	21	36,420,105	68,374,271	-	-
Trade and other payables	22	11,343,843	20,325,336	45,850,115	42,346,700
Less: Cash and bank balances	19	(39,376,347)	(52,960,470)	(786,611)	(696,869)
Net debt		8,387,601	35,739,137	45,063,504	41,649,831
Equity attributable to owners of the Company		49,073,869	46,552,386	(4,326,102)	(1,522,895)
Total capital		49,073,869	46,552,386	(4,326,102)	(1,522,895)
Capital and net debt		57,461,470	82,291,523	40,737,402	40,126,936
Gearing ratio		15%	43%	111%	104%

29. **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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. Segment information

	Cocoa products		Oil palm products		Corporate		Adjustment and elimination			Per consolidated financial statements	
	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	2019 RM	2018 RM	Note	2019 RM	2018 RM
Revenue:											
External customers	11,258,900	11,176,031	290,643,022	376,739,349	-	-	-	-		301,901,922	387,915,380
Inter-segment	668,236	174,009	-	-	-	-	(668,236)	(174,009)	A	-	-
	11,927,136	11,350,040	290,643,022	376,739,349	-	-	(668,236)	(174,009)	B	301,901,922	387,915,380
Results:											
Interest income	84,787	64,748	3,492,930	2,992,868	689,149	576,368	(3,654,005)	(3,119,952)	A	612,861	514,032
Finance cost	-	(23,476)	(2,201,250)	(2,727,979)	(3,001,852)	(2,548,342)	3,654,005	3,119,952	A	(1,549,097)	(2,179,845)
Depreciation and amortisation	190,018	194,789	1,408,075	1,419,118	-	-	-	-		1,598,093	1,613,907
Segment profit/ (loss)	1,825,808	766,223	3,265,521	3,211,364	(1,167,416)	(1,233,183)	-	-		3,923,913	2,744,404
Assets:											
Additions to non-current assets	56,125	14,349	624,063	138,636	-	-	-	-	C	680,188	152,985
Segment assets	19,095,143	16,739,186	77,648,662	119,513,980	806,001	716,258	1,205,672	1,227,924	D	98,755,478	138,197,348
Liabilities:											
Segment liabilities	957,041	801,864	46,450,021	87,382,242	381,139	515,501	1,893,408	2,945,355	E	49,681,609	91,644,962

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 Timing of revenue recognition

	2019		2018	
	Cocoa Product RM	Oil Palm Product RM	Cocoa Product RM	Oil Palm Product RM
At a point of time	10,774,950	281,747,179	10,813,362	367,276,003
Over time	483,950	8,895,843	362,669	9,463,346
	11,258,900	290,643,022	11,176,031	376,739,349

C Additions of non-current assets consist of:

	Note	2019 RM	2018 RM
Property, plant and equipment	13	680,188	152,985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. **Segment information (continued)**

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

	Note	2019 RM	2018 RM
Deferred tax assets	16	-	4,704
Tax recoverable		1,205,672	1,223,220
		1,205,672	1,227,924

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

	Note	2019 RM	2018 RM
Deferred tax liabilities	15	1,752,708	1,850,149
Income tax payable		140,700	1,095,206
		1,893,408	2,945,355

30. **Authorisation of financial statements for issue**

The financial statements for the year ended 31 January 2019 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 May 2019.

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

(This is intentionally left blank.)

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.

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-Fifth Annual General Meeting of the Company, to be held at Theobroma Conference Room, First Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Thursday, 27 June 2019 at 9.00 a.m. and at any adjournment thereof.

		For	Against
Ordinary 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 2020		
Ordinary Resolution 2	To re-elect Datuk Hong Ngit Ming who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association		
Ordinary Resolution 3	To re-elect Mr. Fung Hiuk Bing who retires by rotation as a Director of the Company pursuant to Article 93 of the Company's Articles of Association		
Ordinary Resolution 4	To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
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		
Special Resolution 1	Proposed Adoption of New Constitution of the Company		

(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 ______________ 2019

CDS Account No:	
Number of Shares Held:	

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy is as follow:		
	No. of Shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100%

____
Signature / Common Seal of Member

Notes:

1. 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.

2. 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.

3. 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.

4. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

5. 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.

6. Only members whose names appear in the Record of Depositors as at 20 June 2019, 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.

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 ("AGM") will be put to vote by way of poll.

8. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the AGM and any adjournment thereof.

fold here

AFFIX
STAMP

The Company Secretary
TECK GUAN PERDANA BERHAD (307097-A)
318, Teck Guan Regency
Jalan St. Patrick , Off Jalan Belunu
91000 Tawau, Sabah,
Malaysia

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