TECK GUAN PERDANA BERHAD
199401021418 (307097-A)

ANNUAL REPORT 2021

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Members of the Company will be held at the Xocolatt Hall, Ground Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Tuesday, 29th June 2021 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 2021 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 2022. ***Resolution 1***

3. To re-elect Datuk Hong Ngit Ming who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution. ***Resolution 2***

4. To re-elect Mr. Fung Hiuk Bing who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution. ***Resolution 3***

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

AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass 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 more than 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." ***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 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." ***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 ***Resolution 7***

NOTICE OF ANNUAL GENERAL MEETING

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."

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 31 May 2021 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"). ***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. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

JULIAN YEOH YUN KIAT (MIA 28007)
Company Secretary

Tawau, Sabah.
Dated this 31 May 2021

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 96 hours before the time fixed for holding the Meeting.

6. Only members whose names appear in the Record of Depositors as at 22 June 2021, 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 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.

10. Resolutions 5 & 6

    The proposed Resolutions 5 & 6, if passed, will enable Mr. Tham Vui Vun and Mr. Wong Peng Mun respectively to continue to act as Independent Non-Executive 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 tenure exceeding a cumulative term of nine (9) years and more than twelve (12) 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.

NOTES:- (CONTINUED)

Explanatory Notes on Special Business

11. Resolution 7

The proposed 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. Resolution 8

The proposed 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 31 May 2021 for more information.

Personal Data Privacy

13. 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 27th 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 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 Kun 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)
Tham Vui Vun
Fung Hiuk Bing

COMPANY SECRETARY

Julian Yeoh Yun Kiat (MIA 28007)

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 PLT 202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad
RHB Investment Bank Berhad
United Overseas Bank (M) Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd

SOLICITORS

Chung & Associates
RYCO Law Firm

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Stock Short Name : TECGUAN
Stock Code : 7439

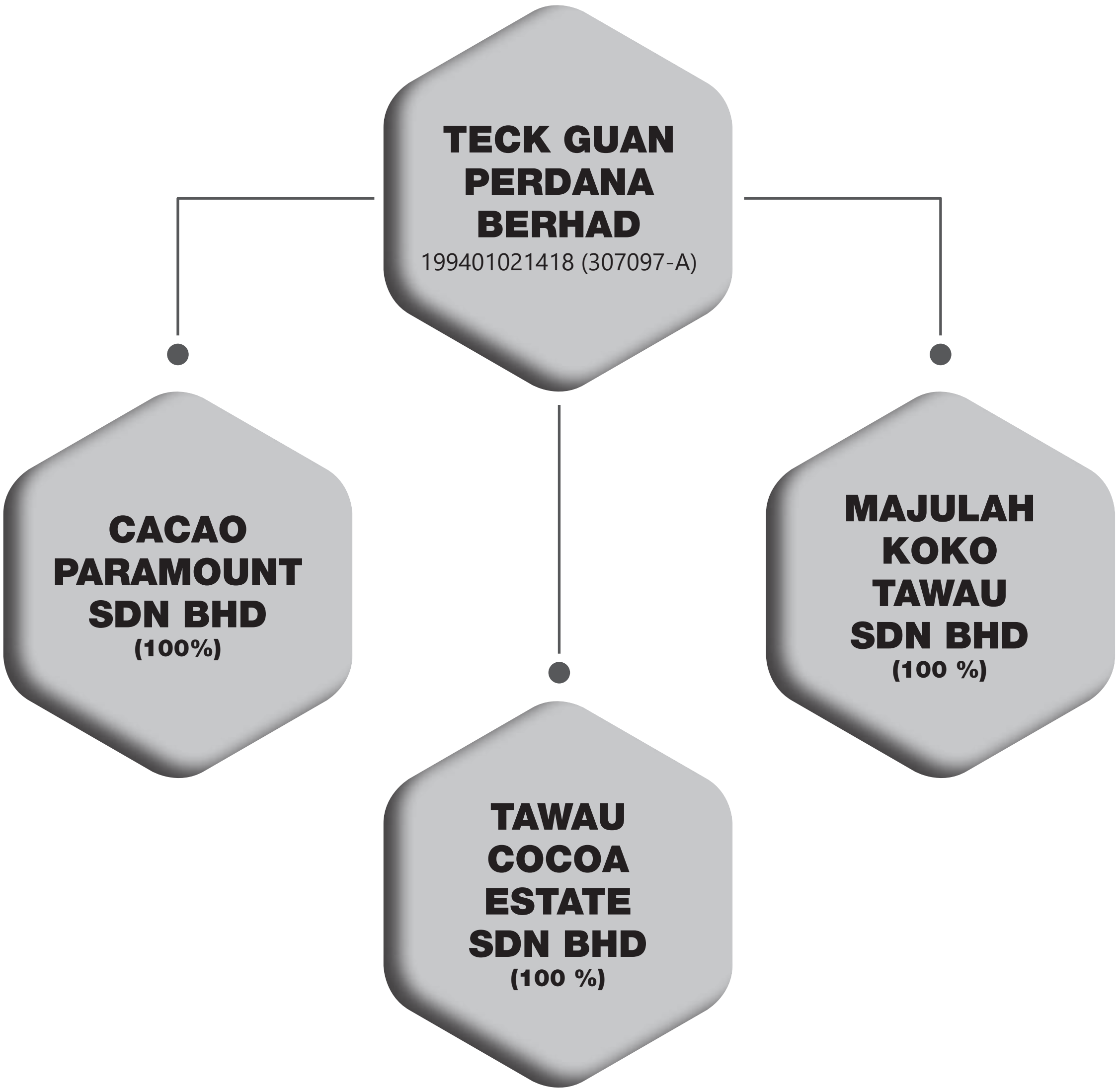
WEBSITE

www.teckguan.com/tgp

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 JANUARY	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
RESULTS OF OPERATIONS					
Revenue	460,871	273,652	301,902	387,915	377,311
Pre-Tax Profit	10,802	4,561	3,924	2,744	15,288
After-Tax Profit	7,987	3,159	2,521	225	11,980
FINANCIAL POSITION					
Working Capital	33,447	27,869	27,691	24,344	22,422
Net Assets	60,220	52,233	49,074	46,552	46,328
Total Assets	137,657	143,795	98,755	138,197	115,783
Paid-up Capital	40,104	40,104	40,104	40,104	40,097
Shareholders' Funds	60,220	52,233	49,074	46,552	46,328
PER SHARE (IN SEN)					
Net Assets	150.2	130.3	122.4	116.1	115.5
Profit Before Tax*	26.9	11.4	9.8	6.8	38.1
Profit After Tax*	19.9	7.9	6.3	0.6	29.9
Dividend – Final (Gross)	0.0	0.0	0.0	0.0	0.0
* Calculated based on ordinary shares in issue throughout the financial year (unit)	40,096,902	40,096,902	40,096,902	40,096,902	40,096,902

CORPORATE STRUCTURE



PROFILES OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. THAM VUI VUN

Position: Chairman and Independent Non-Executive Director

Age: 64

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: 68

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 Berhad 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 Kun 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 KUN YEE

Position: Executive Director (Key Senior Management)

Age: 41

Gender: Female

Nationality: Malaysian

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

Working Experience:
She was initially attached to the Teck Guan Holdings Sdn Bhd's Group of Companies with the Industry Division as Engineer in January 2003 and subsequently assigned as Senior Engineer with Teck Guan Steel Sdn Bhd which manufactures steel bars, wire mesh and barbed wire. In May 2014, she took up the post of Branch Manager of Teck Guan Trading Sdn Bhd at Kota Kinabalu. Over the years, she has gained much experience in managing business activities involving both the manufacturing and trading sector.

Occupation: Director

Date first appointed to the Board: 29 November 2019

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: 52

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: 61

Gender: Male

Nationality: Malaysian

Qualification:
Bsc (Hons) in Physics, Diploma in Management
Licensed Secretary (LS 003897)

Working Experience:
He was appointed as an Independent and Non-Executive Director of Teck Guan Perdana Bhd on 5 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: 64

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 Berhad, 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 2021.

FINANCIAL PERFORMANCE

For the year ended 31 January 2021, the Group registered revenue of RM460.87 million, representing an increase of 68.42% compared to RM273.65 million in the preceding year. The higher revenue was mainly attributed to increase in both sales volume and selling price.

The Group registered a profit after tax of RM7.99 million as compared to RM3.16 million in the preceding year mainly due to higher operating margin.

OPERATIONS REVIEW

(a) Oil Palm Products:

During the financial review, all planted areas under oil palm segment of the Group have attained maturity with average crop age of 18 years. Fresh fruit bunches yield registered a decrease of approximately 19.33%. The sales volume for crude palm kernel oil had registered an increase of approximately 25.34% while the sales volume for palm kernel expeller had registered a decrease of 2.86% as compared with preceding year.

The operating profit for palm oil products segment increased from RM4.34 million in the preceding year to RM10.22 million in the current year. The increase was mainly attributed to increase in average selling price and sales volume.

(b) Cocoa Products:

The operating profit for cocoa products segment increased from RM1.33 million in the preceding year to RM1.63 million in the current year. The increase was mainly attributed to increase in sales volume for cocoa products.

DIVIDEND

The Board did not recommend any dividend for the financial year ended 31 January 2021.

PROSPECTS

Despite the unprecedented challenging environment in the financial year ended 31 January 2021 the Group outperformed the financial results against the preceding year 2020 amid both influencing internal and external factors exerted on the palm related products. However, moving into forthcoming year, the palm oil prices are expected to remain supported whilst the global economy continues to strive with the resurgence of the Covid-19 infections which caused massive socioeconomic threats and impacts on health and wellbeing of families and surrounding communities. Barring further unforeseen circumstances, the Management is cautiously optimistic on the long-term prospects of the palm-based industry and will continue to escalate its efforts and aggressively focus on enhancing productivity jointly with operating cost optimisation to mitigate the negative impact on its profitability and liquidity so as to achieve a sustainable future.

APPRECIATION

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

THAM VUI VUN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS

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

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

A. Group Financial Review

The Group's revenue and profit before tax for the financial year ended 31 January 2021 at RM460.87 million and RM10.80 million were higher than the last financial year by 68.42% and 136.84% respectively mainly attributed by favourable palm oil products segment. During the financial year, palm oil products segment reported a higher operating profit of RM10.22 million from RM4.34 million in the last financial year was mainly attributed by the increase in average selling price and sales volume. Cocoa products segment reported higher operating profit of RM1.63 million compared to RM1.33 million in the last financial year.

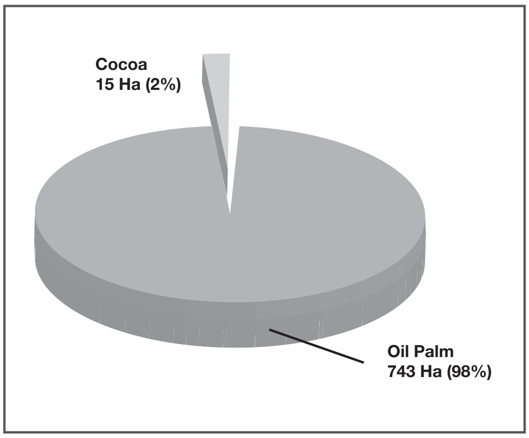
Consequently, Group recorded profit after tax for the financial year ended 31 January 2021 at RM7.99 million was higher than the last financial year's profit after tax of RM3.16 million.

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 relatively low fresh fruit bunches yield during the financial year, the palm oil products segment is performed satisfactorily, supported by the prevailing high crude palm oil, crude palm kernel oil and palm kernel prices.

Barring unforeseen circumstances, the Management is cautiously optimistic on the long term prospects of the palm-based industry and will continue to escalate its efforts and aggressively focus on enhancing productivity jointly with operating cost optimisation to mitigate the negative impact on its profitability and liquidity so as to achieve a sustainable future.

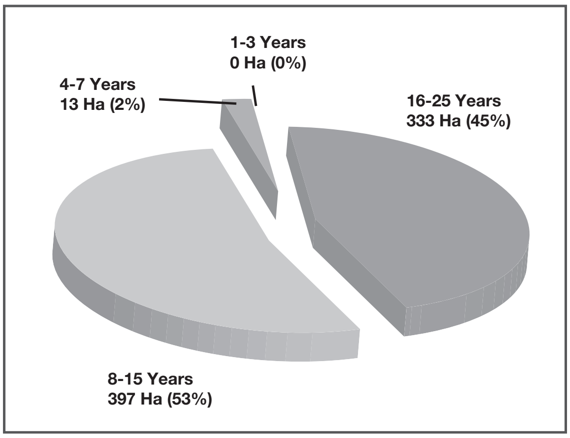
B. Group Business Review – Oil Palm and Cocoa Plantations

CROP MIX



Total Planted Area – 758 Ha

OIL PALM HECTARAGE BY AGE



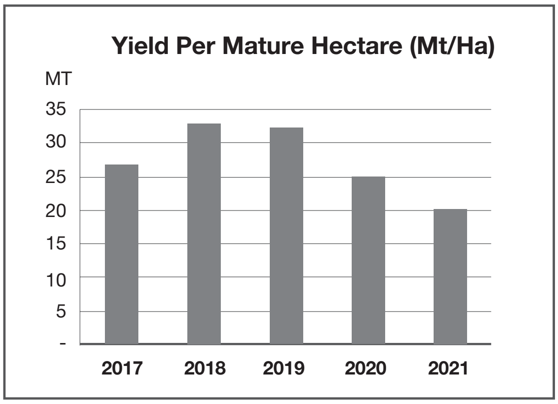
Total Oil Palm Planted Area – 743 Ha

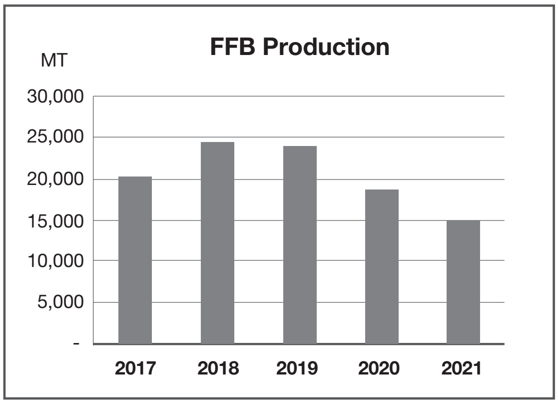
MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS (CONTINUED)

B. Group Business Review – Oil Palm and Cocoa Plantations (continued)

OIL PALM PLANTATION





PLANTATION STATISTICS

Area Statement

	Unit	FY2021	FY2020	FY2019	FY2018	FY2017
Oil Palm Area						
Mature	Hectare	743	743	753	740	740
Immature	Hectare	–	–	–	13	13
Total	Hectare	743	743	753	753	753
Cocoa Area						
Mature	Hectare	15	15	15	15	17
Immature	Hectare	–	–	–	–	–
Total	Hectare	15	15	15	15	17
Total Planted Area	Hectare	**758**	**758**	**768**	**768**	**770**
Total Unplanted, Buildings and Infrastructure Areas	Hectare	263	57	57	59	57
Total Area	Hectare	**1,021**	**815**	**825**	**827**	**827**

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS (CONTINUED)

B. Group Business Review – Oil Palm and Cocoa Plantations (continued)

PLANTATION STATISTICS (CONTINUED)

Crop Statement

	Unit	FY2021	FY2020	FY2019	FY2018	FY2017
Oil Palm						
FFB production	Tonne	14,976	18,564	23,849	24,404	20,138
Yield per mature hectare	Tonne	20.16	24.99	31.68	33.00	27.23
Average selling price	RM/ Tonne	494	382	384	511	547

As at 31 January 2021, the Group's total planted area owned by subsidiary companies stood at 758 hectares. Approximately 98.00% of the planted area owned by subsidiary companies are planted with oil palm. The Group has 6 estates and total oil palm planted area as at the end of the financial year stood at 743 hectares. Approximately 83.47% of the Group's oil palm and cocoa plantation holdings are located at Tawau, Sabah, and the remaining of 16.53% 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 14,976MT of FFB which was about 19.33% lower than the previous year mainly due to lower yield. FFB yield had decreased to 20.16 MT as compared to 24.99 MT in last financial year. Average FFB selling price in current financial year of RM494 per MT is about 29.32% higher 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 2021.

C. Group Business Review – Resource-Based Manufacturing

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

	Unit	FY2021	FY2020	FY2019	FY2018	FY2017
Production						
Crude Palm Kernel Oil	Tonne	42,561	37,342	49,678	48,648	36,484
Palm Kernel Expeller	Tonne	47,025	40,853	53,908	55,867	39,607
Extraction Rates						
Crude Palm Kernel Oil	%	46.70	47.40	47.23	46.23	46.41
Palm Kernel Expeller	%	51.60	51.86	51.25	53.09	50.38
Average Selling Price (Per Tonne)						
Crude Palm Kernel Oil	RM	3,223	2,552	3,742	5,320	5,074
Palm Kernel Expeller	RM	564	431	474	416	397
Trading of palm oil related products	RM	2,761	2,496	2,918	3,406	4,156

DESCRIPTION OF TECK GUAN PERDANA GROUP'S BUSINESS (CONTINUED)

C. Group Business Review – Resource-Based Manufacturing (continued)

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

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 financial year has decreased to 46.70% as compared last financial year at 47.40%.

The overall financial performance for the operation of kernel crushing plant and trading of palm products in financial year 2021 was reasonably encouraging despite the challenging external environment on palm oil market. The 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.

2. Manufacturing and Trading of Cocoa Products

	Unit	FY2021	FY2020	FY2019	FY2018	FY2017
Average Selling Price (Per Tonne)						
Cocoa Products	RM	10,500	11,657	9,792	11,056	11,694
Chocolate Products	RM	11,710	12,437	13,649	13,741	13,294
Sales Volume						
Cocoa Products	Tonne	1,139	733	981	863	664
Chocolate Products	Tonne	127	142	117	119	143

Cocoa products' contribution of 2.92% to the revenue for the current year of the Group is insignificant.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Teck Guan Perdana Berhad is committed to excel 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 2021 Attended	Held	Attendance Record
Mr. Tham Vui Vun	Chairman, Independent Director	5	5	100%
Datuk Hong Ngit Ming	Managing Director	5	5	100%
Ms. Hong Kun Yee	Executive Director	5	5	100%
Mr. Fung Hiuk Bing	Independent Director	5	5	100%
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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1 BOARD DYNAMICS AND STRUCTURE (CONTINUED)

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 consists 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 term 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 the 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 Mr. Tham Vui Vun and Mr. Wong Peng Mun in their present capacity. Both Independent Directors have served the Company for a cumulative term of more than 12 years as an Independent Director and the Board intends to continue to retain the said directors 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1 BOARD DYNAMICS AND STRUCTURE (CONTINUED)

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. Audit & Risk Management Committee ("ARMC")

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. Nomination & Remuneration Committee ("NRC")

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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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, Executive 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A2 CLEAR ROLES AND RESPONSIBILITY OF THE BOARD (CONTINUED)

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 assist 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; and
v. for position of independent non-executive directors, the candidate shall be evaluated at minimum, with reference to the definition of "Independent Director" as stipulated by the MMLR.

The decision as to who should be appointed is the responsibility of the full Board after considering the recommendation of the 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3 BOARD PROCESS (CONTINUED)

A3.2 Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and seek re-election by the shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Constitution 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 assess 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 judgment at all times and that such Director continue to comply with the definition of "Independent Director" as stipulated in the MMLR.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3 BOARD PROCESS (CONTINUED)

A3.3 Board Evaluation (continued)

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.

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 its 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3 BOARD PROCESS (CONTINUED)

A3.5 Board Induction and Training

New appointees to the Board are given an introduction to familiarize 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 Programme (MAP) as required by the MMLR for first time directors of listed issuer. The Directors of the Company continuously update and upgrade their knowledge and exposure through attending training, seminars, conferences, trade fairs and conventions and have attended the following during the financial year:

Mr. Tham Vui Vun

- Companies Act 2016: Transitional Provision & Practices
- Capital Reduction & Members' Voluntary Winding Up
- Auditor's Report, Audit Modifications, Going Concern and Other Material Paragraph
- Audit Sampling Procedures for Small & Medium Audit Practices incorporating ISA 300, 315, 450, 500, 530 and other relevant ISAs
- Unclaimed Money Act 1965
- National Tax Conference 2020
- 2021 Budget Seminar

Mr. Fung Hiuk Bing

- Audit Express User Training
- Tax Audit & Investigation
- Latest Updates in 2020 on Employers' Tax Statutory Obligations- Including tax implications on employee related expenses
- Tax Issues for SMEs
- Auditor's Report, Audit Modifications, Going Concern and Other Matters Paragraph
- Audit Sampling Procedures For Small & Medium Audit Practices incorporating ISA 300, 315, 450, 500, 530 and other relevant ISAs
- Unclaimed Money Act 1965
- Capital Reduction & Members' Voluntary Winding Up
- 2021 Budget Seminar
- Budget 2021: Key Updates and Changes for Corporate Accountants

Mr Wong Peng Mun

- Violations of the Companies Act 2016: Oversights by Directors and Secretaries
- MBRS for Preparers-Financial Statements
- Corporate Directors Programme Fundamental 3.0
- AGM, Accounts, Annual Returns under Companies Act 2016

Datuk Hong Ngit Ming & Ms. Hong Kun Yee

- The Importance of Corporate Due Diligence in Malaysia

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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.

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

	Fees	Salaries & Allowances	Bonuses	Others*	Total
Datuk Hong Ngit Ming	–	183,912	–	22,769	206,681
Ms. Hong Kun Yee	–	60,588	–	8,267	68,855
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	–	31,036	329,536

* *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 established the ARMC to assist 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.

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.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

B1 AUDIT & RISK MANAGEMENT COMMITTEE (CONTINUED)

B1.1 Integrity in Financial Reporting (continued)

External Auditors (continued)

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	51,000	102,500
Non-Audit Fees	6,600	15,200

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. The internal auditor is provided with sufficient resources to carry out its audit work. En. Muhammad Danish Abdullah, 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 of internal audit coverage and scope of work are presented to the ARMC for approval annually and the audit is conducted in accordance with recognised framework. Internal audit reports encompassing audit findings together with recommendations are presented to the 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.

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.

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

C2 GENERAL MEETINGS OF THE COMPANY (CONTINUED)

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 sets out in the Code is disclosed in the "Corporate Governance Report 2021" which is available on the Company's website at www.teckguan.com/tgp.

NOMINATION & REMUNERATION COMMITTEE REPORT

CONSTITUTION, 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; and
- 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 Attended	Held	Attendance Record
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 of 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 NR Committee 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 Managing Director, Executive Director 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 Managing Director, Executive Director 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

CONSTITUTION, 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	5	5	100%
Mr. Tham Vui Vun (MIA 3667*)	Member	5	5	100%
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.

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 ARMC 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 the Internal Audit Plan prepared by in-house internal auditor 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 Auditor (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 Auditor 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 Auditor on the status of implementation of post-audit recommendations which has been agreed by the management or the Board.

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE (CONTINUED)

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 auditor's 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 internal auditor 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.

The ARMC has also reviewed the Group's Enterprise Risk Management ("ERM") Framework to ensure an appropriate, relevant and effective ERM Framework is in place and recommended the same for Board approval on an annual basis. However, it should be acknowledged that the risk management and internal control systems in the Framework are designed to manage rather than to eliminate the risk of failure in achieving strategic and business objectives, and can only provide reasonable, but not absolute, assurance against material loss or misstatement.

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 identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner.

It had reviewed the draft circular to shareholders in relation to the proposed renewal of 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 2021 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 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 RM66,500.

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; 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, purchase cycle, production quality control, payroll and inventory management of the Industry Division.

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 2021. 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 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 of 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;

INTERNAL CONTROL SYSTEM (CONTINUED)

- 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;
- 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 Audit and Assurance Practice Guide 3 (AAPG 3), 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 31st January 2021, 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.

AAPG 3 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 2021 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", Tawau Cocoa Estate Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a Related Party Transaction ("RPT") involving the interests of its Directors and major shareholders with Teck Guan Development (Sabah) Sdn Bhd, a company 100% owned by Teck Guan Holdings Sdn Bhd, which is a subsidiary of HTG Holdings Sdn Bhd. HTG Holdings Sdn Bhd is the holding company of Teck Guan Perdana Berhad.

The Board of Directors (save for Datuk Hong Ngit Ming and Ms. Hong Kun Yee) has considered all aspects of the RPT and is of the opinion that the transaction is fair, reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders and that the RPT is in the best interest of the Group.

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 July 2020, 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") recognizes sustainability as one of the drivers towards the Group's continuous and long-term business activities. The Group remains committed to constantly improve its sustainability-related initiatives to deliver 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 comprises of 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 the economic, environmental and social impact that are most material to both our organization and stakeholders for the financial year ended 31 January 2021.

SUSTAINABILITY GOVERNANCE

Board of Directors	Oversee sustainability strategies, direction, performance and other sustainability-related matters
Managing Director	Determine, approve and oversee sustainability initiatives and performance
Risk & Sustainability Department	Monitor sustainability initiatives and performance, and prepares Sustainability Report
Business Units & Employees	Implementation of sustainability initiatives

STAKEHOLDERS ENGAGEMENT

Constant and significant engagement with the Group's key stakeholders is essential to build mutual respect and understanding of the ongoing tasks needed to realize their expectations and to accomplish the Group's sustainability goals.

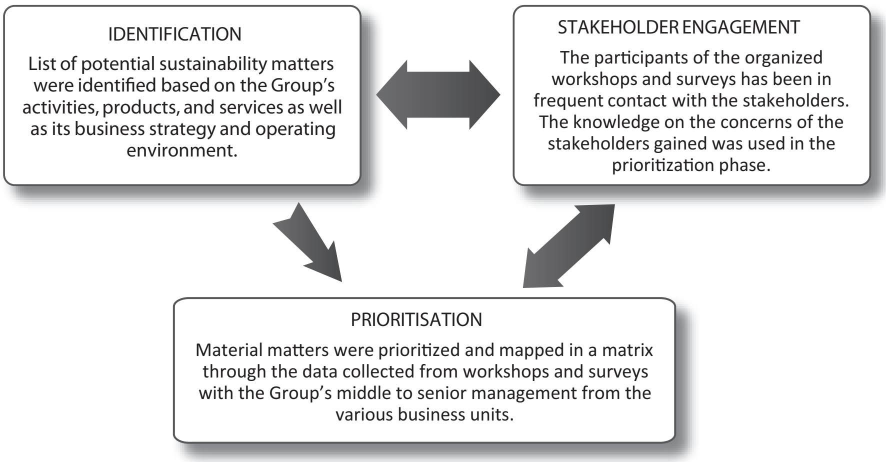
The Group engages its stakeholders through multiple channels involved in our business activities. The Group key stakeholders have been identified through numerous activities in the palm oil industry. They include shareholders, employees, customers, suppliers, and government authorities. Outlined below is a summary of the Group's engagement with these stakeholders that enables the Group to understand and better manage potential issues and risks in the Group's business.

Stakeholders	Engagement Method	Areas of Interest	Outcome
Shareholders & Investors	• AGM • Annual reports • Quarterly updates • Company website	• Financial returns • Future development plans	• Better Group strategy development for profit maximization
Employees	• Meetings • Daily muster • Notices • Visits • Annual appraisal • Multichannel engagements	• Job satisfaction • Salary & wages • Working conditions, facilities, safety, and training • 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

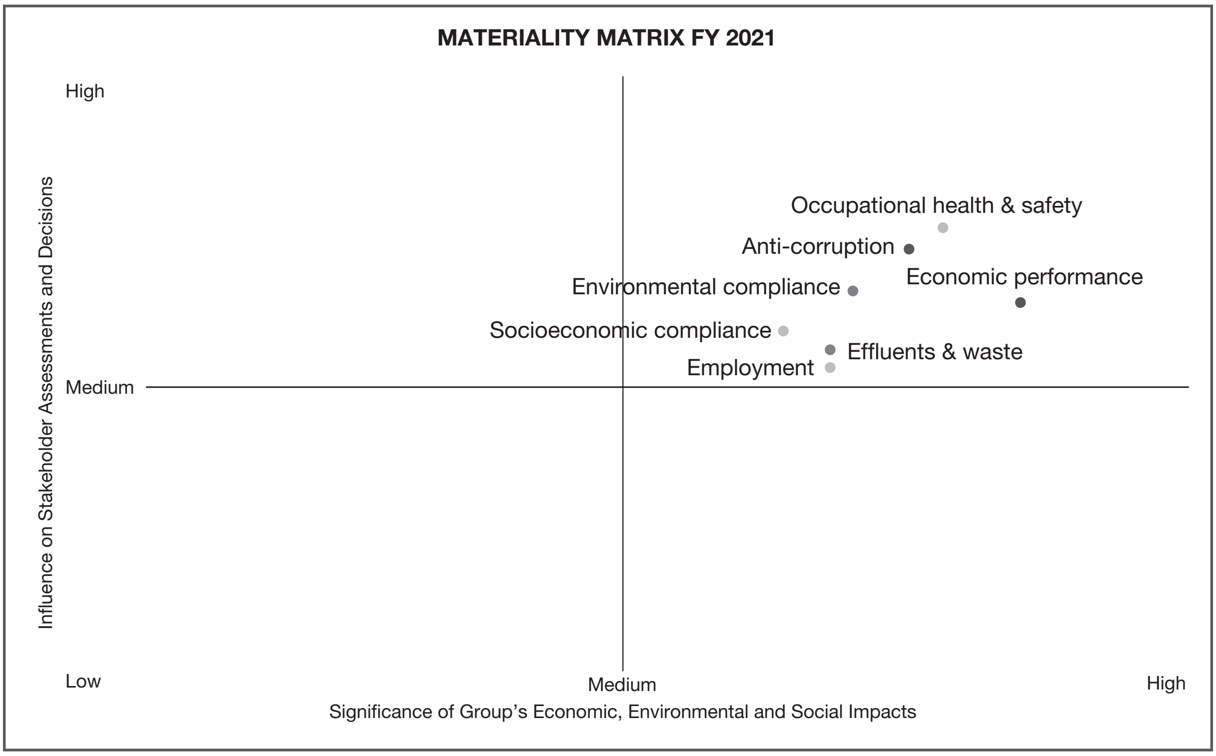
SUSTAINABILITY STATEMENT

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 performed through a guided method, using Bursa Malaysia's Sustainability Reporting Guide as illustrated below:



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



MATERIAL SUSTAINABLE MATTERS (CONTINUED)

Aspects	Material Matters for FY2021
Economic Sustainability	- Economic performance - Anti-corruption
Environmental Sustainability	- Effluents & waste - Environmental compliance
Social Sustainability	- Employment - Occupational health & safety - Socioeconomic compliance

Economic Sustainability: Managing Sustainable Business

Economic Performance

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

The Group created a direct economic value of RM460.9 million and distributed a total economic value of RM454.4 million in the areas of operating cost, employees' wages and benefits, interests, and taxes. The following table provides the breakdown of this summary:

	FY 2021 (RM Million)	FY 2020 (RM Million)
Direct Economic Value Generated		
Revenue	460.9	273.7
Economic Value Distributed		
Our Suppliers: Operating Costs	443.7	263.0
Our Employees: Wages & Benefits	6.3	6.5
Our Lenders: Payments to Lenders	1.9	2.0
The Government: Payments to Government	2.5	2.3
Total	**454.4**	**273.8**

MATERIAL SUSTAINABLE MATTERS (CONTINUED)

Economic Sustainability: Managing Sustainable Business (continued)

Anti-Corruption

The Group has adopted a zero-tolerance approach towards bribery and corruption in any form and is committed to behaving professionally, fairly and with integrity in all our business dealings. To date, the Group has implemented the Anti-Bribery and Corruption Policy, indicating the commitment of the Board of Directors to prevent, deter, and monitor bribery and corruption in the Group's business activities.

The Group has also formulated a Code of Ethics and Conduct to establish the standard of ethical behaviour expected from the Directors, management, and employees and Whistleblowing Policy to promote internal and external stakeholders to disclose any malpractice or misconduct involving fraud, bribery, corruption and other irregularities, and to provide them with protection once they have done so.

The Anti-Bribery & Corruption Policy, Code of Ethics & Conducts and Whistleblowing Policy are accessible through the Company's website at http://www.teckguan.com/tgp.

The Group is also continuously developing preventive measures such as putting in place adequate procedures with parameters set to prevent the occurrence of bribery and corrupt practices.

During the period under review, the Group has not received any complaints nor reports of any improper conduct within the Group, nor instances of corruption involving management, employees, workers and third parties associated with the Group.

Environmental Sustainability: Environmental Stewardship

Effluents & Waste

The Group is committed to manage effluents and waste in order to be sustainable. All types of wastes including domestic and scheduled wastes are identified and waste management plan is devised to handle the waste in an environmentally-friendly manner.

Employees are provided with training on scheduled waste by competent in-house trainers on annual basis to equip themselves with knowledge and qualification to handle the wastes.

For collecting scheduled wastes in estate level, the Group has appointed Legenda Bumimas Sdn Bhd as our main contractor. The scheduled wastes are disposed every 180 days from date of first scheduled wastes generated or before reaching 20 MT whichever earlier.

The Group also strictly adhered to the Department of Environment's ("DOE") requirements and guidelines such as labelling, storage and packaging of scheduled wastes and consistently update our scheduled wastes inventory into the eSWIS on a monthly basis.

During the period under review, the Group has not received any complaints nor reports from DOE or the public regarding any pollution caused by effluents and waste generated from our estates.

Our Kernel Crushing Plant and Chocolate Factory do not produce any effluents or waste to be reported.

MATERIAL SUSTAINABLE MATTERS (CONTINUED)

Environmental Sustainability: Environmental Stewardship (continued)

Environmental Compliance

Environmental impact is one of the Group´s key focus areas and the Group is committed to always stay within the local, federal and international environmental rules and regulations such as the:

- Environment Protection Enactment 2002 – Environment Protection Department;
- Environmental Quality Act 1974 – Department of Environment;
- Forest Enactment 1968 – Sabah Forestry Department;
- Wildlife Enactment 1997 – Sabah Wildlife Department;
- Sabah Biodiversity Enactment 2000 – Natural Resources Office Sabah;
- Water Resources Enactment 1998 – Drainage and Irrigation Department;
- Pesticides Act 1974 – Agriculture Department;
- Parks Enactment 1984 – Sabah Parks; and
- Stockholm Conference 1972 – United Nations;

Compliance is achieved through the following initiatives:

- High Conservation Value assessment, awareness program and monitoring;
- Provision of riparian reserve for ecological functions;
- Water management in terms of quality and quantity;
- Monitoring on rubbish pit to ensure proper waste management;
- Scheduled waste disposal and management;
- Awareness program on triple rinse procedure to premix operator for pesticide;
- Prohibition of open burning at all times; and
- Prohibition of illegal hunting.

In the FY2021 period, no reported material deviations were causing the risk of environmental effects.

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.

MATERIAL SUSTAINABLE MATTERS (CONTINUED)

Social Sustainability: Social Accountability (continued)

Employment (continued)

To mitigate the shortage of labour, we look towards foreign workers (mainly from Indonesia) 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).

Employment Summary	FY2021	FY2020
Annual Staff Hiring Rate	9.2%	22.3%
Annual Staff Turnover Rate	10.5%	14.1%
No. of staff at beginning of the year	229	211
No. of staff recruited during the year	21	49
No. of staff left during the year	24	31
No. of staff at the end of the year	226	229

Occupational Health & Safety

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

- Occupational Safety & Health (OSH) unit oversee all matters concerning employee's safety and health;
- Development of OSHA Policy and self-regulation (Safe Operating Procedure) based on OSHA 1994 at every estate.
- 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;
- Internal audits and inspection by in-house safety and health officer at specific intervals involving all operations to ensure safety programs are implemented and in compliance with legislative requirements.
- Promotion of a safe working culture through the conduct of 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 daily;
- Hazard Identification Risk Assessment and Risk Controls ("HIRARC") system and related facilities are in place to eliminate and reduce hazards;
- Medical and physical check-ups (pre-employment check-up, pesticide handling check-up, audiometry test, spirometry test, and biological monitoring) are regularly conducted for new employees and employees exposed to high noise and chemical exposure level at our estates and kernel crushing plant; and
- Regular safety training programs are conducted to enable employees to understand the work procedures and requirements of the Occupational Safety & Health Act (OSHA) and also to boost safety and health awareness.

We are pleased to report that in the FY2021 period, there were no fatalities from our operations related to safety and health.

MATERIAL SUSTAINABLE MATTERS (CONTINUED)

Social Sustainability: Social Accountability (continued)

Socioeconomic Compliance

Socioeconomic compliance is a pre-condition for successful operation in the palm oil industry. Legal requirements in the socioeconomic areas such as accounting and tax fraud, competition, and labour issues, including international declarations, conventions, and treaties, as well as national, regional and local regulations shall always be met since it ensures our business legitimacy.

Our socioeconomic compliance is specifically monitored at the operational level and is supported centrally by departments and/or units such as Group Human Resource Department, Accounts and Finance Department, Sustainability Units, and Occupational Safety and Health Units.

We are pleased to report that for the FY2021 period, there were no significant fines or non-monetary sanctions regarding social and economic performance that have come to the Group's attention.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2021

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	0.44	19	0.00
100 – 1,000	154	13.45	109,401	0.27
1,001 – 10,000	790	68.99	3,074,800	7.67
10,001 – 100,000	174	15.20	4,887,300	12.19
100,001 – 2,004,844 (less than 5% of issued shares)	21	1.83	8,048,400	20.07
≥ 2,004,845 (5% and above of issued shares)	1	0.09	23,976,982	59.80
TOTAL	**1,145**	**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 Kun 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.*

ANALYSIS OF SHAREHOLDINGS

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 Kun Yee	–	–	–	–
Tham Vui Vun	–	–	–	–
Wong Peng Mun	–	–	–	–

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

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.	Chor King Chun	845,200	2.11
5.	Tan Jin Tuan	787,000	1.96
6.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lim Gim Leong*	505,200	1.26
7.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy*	460,000	1.15
8.	Te Kim Leng	350,000	0.87
9.	Tan Jin Tuan	252,000	0.63
10.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Wang Choon Seang*	228,000	0.57
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ting Tie Hau*	215,000	0.54
12.	Kenanga Nominees (Tempatan) Sdn Bhd *Rakuten Trade Sdn Bhd For Wong Yunn Uei*	153,600	0.38
13.	HLIB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chor King Chun*	146,000	0.36
14.	Chong Thin Tuck	137,000	0.34
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Soon Mui Yen @ Soon Nyuk Hen*	130,000	0.32

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS (CONTINUED)

No.	Name	No. of Shares	%
16.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy*	130,000	0.32
17.	UOBM Nominees (Asing) Sdn Bhd *CBP Quilvest Trust Ltd For The Sipadan Trust*	120,000	0.30
18.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ting Siu Ming*	115,000	0.29
19.	Kong Kok Choy	110,000	0.27
20.	Tan Kim Huat & Sons Motor Sdn Bhd	110,000	0.27
21.	Adikin Wong Shyh Chyi	108,000	0.27
22.	Ng Chee Peng	103,200	0.26
23.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Go Ah Yong*	100,000	0.25
24.	Tan Kim Huat & Sons Holdings Sdn Bhd	100,000	0.25
25.	Teoh Hock Soon	100,000	0.25
26.	Wong Ah Soo @ Wong Choong Kong	100,000	0.25
27.	Jimmy Pang Kia Lock	95,200	0.24
28.	Public Invest Nominees (Asing) Sdn Bhd *Exempt An For Phillip Securities Pte Ltd*	84,000	0.21
29.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Voon Shao Wei*	72,800	0.18
30.	Lee Ching Chik @ Lee See Kew	70,900	0.18
	Total	**32,748,282**	**81.67**

LIST OF PROPERTIES

AS AT 31 JANUARY 2021

Item No.	Location	Tenure (Date of Expiry)	Land Area/ Build up Area sq.m	Existing use/ Description	Net Book Value As At 31-Jan-21	Age of Building	Tenure of Leasehold Land	Date of Acquisition
1	CL 105312703 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (28.02.2058)	4,028,645	Cocoa and oil palm estate	2,434,007	26	37	19/10/1978
2	CL 105334996 Brantian, Merotai Rd, Tawau, Sabah.	Leasehold (31.12.2072)	1,211,629	Oil palm estate	216,111	–	51	12/6/1979
3	CL 105339099 Brantian, Merotai Rd, Tawau, Sabah.	Leasehold (31.12.2073)	400,234	Oil palm estate	34,247	–	52	11/6/1979
4	CL 105347493 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (31.12.2069)	81,261	Cocoa and oil palm estate	54,583	–	48	20/1/1981
5	CL 105354050 Balung Apas Road, Tawau, Sabah.	Leasehold (31.12.2073)	653,567	Oil palm estate	57,509	–	52	13/8/1984
6	CL 105436299 Quion Hill Apas Road, Tawau, Sabah.	Leasehold (31.12.2079)	16,147	Cocoa and oil palm estate	14,507	–	58	13/9/1980
7	CL 245316849 (105316848/old) Tingkayu, Lahad Datu/Tawau, Sabah	Leasehold (31.12.2071)	1,216,485	Cocoa and oil palm estate	602,629	7	50	28/7/1979
8	CL 105311260 Tawau, Sabah.	Leasehold (01.01.2068)	2,066,325	Vacant	12,417,318	–	47	2/9/2020
9	CL 105368607 Sebatik Island Tawau, Sabah	Leasehold (31.12.2078)	513,951	Oil palm estate	641,984	–	57	1/7/2006
10	CL 105339071 Mile 2 ½ Tanjung Batu Laut Tawau, Sabah	Leasehold (08.10.2902)	25,617/ 9,834	Cocoa processing factory and office	5,810,814	26	881	9/11/1989
11	CL 105339053 Mile 2 ½ Tanjung Batu Laut Tawau, Sabah	Leasehold (08.10.2902)	19,627/ 3,973	Cocoa processing factory and office	1,086,616	43	881	1/10/1977

FINANCIAL STATEMENTS

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 2021.

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.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax	7,986,844	14,115,743
Profit attributable to:		
Owners of the Company	7,986,844	14,115,743

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.

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS' REPORT

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 Kun Yee *

* These directors are/were also directors of the Company's subsidiaries.

The names of the director 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
Chin Fui Lan

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	334,137	244,500
Contributions to defined contribution plan	40,474	29,520
Social security contributions	1,918	1,421
Employment insurance scheme contributions	132	95
Fees	54,000	54,000
	430,661	329,536

The directors and officers of the Company are not indemnified for any liability that may arise during the discharge of their duties. No payment was made for any indemnification during the financial year and up to the date of this report.

DIRECTORS' REPORT

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	**1.2.2020**	**Acquired**	**Sold**	**31.1.2021**
Indirect interest:				
Datuk Hong Ngit Ming	25,978,182	–	–	25,978,182

		Number of 10% cumulative preference shares		
Holding company - HTG Holdings Sdn. Bhd.	**1.2.2020**	**Acquired**	**Sold**	**31.1.2021**
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.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 31 to the financial statements.

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 allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance 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 allowance 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.

OTHER STATUTORY INFORMATION (CONTINUED)

(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 substantially affect the ability of the Group or of the Company to meet their obligations as and 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 PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during the financial year and up to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 May 2021.

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 65 to 138 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 2021 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 19 May 2021.

Datuk Hong Ngit Ming **Tham Vui Vun**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Datuk Hong Ngit Ming**, being the director 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 65 to 138 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 **Datuk Hong Ngit Ming**
at Tawau in the State of Sabah
on 19 May 2021 **Datuk Hong Ngit Ming**

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TECK GUAN PERDANA BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Teck Guan Perdana Berhad, which comprise statements of financial position as at 31 January 2021 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 65 to 138.

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 2021, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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. We have identified the following key audit matter:

Revenue recognition of related party transactions

For the financial year ended 31 January 2021, approximately 35% of revenue recognised by the Group were with related parties. Approximately 95% of these revenues or RM152,060,846 were sold to Teck Guan (China) Ltd., which is a subsidiary of HTG Holdings Sdn. Bhd., the Company's holding company.

We have identified revenue recognition and related disclosures with related parties as an area of audit focus because of the quantum involved and the risk that such transactions may not be at arm's length. As such, revenue recognised with related parties could be subjected to a higher risk of material misstatement, particularly in respect of the measurement, timing and related disclosures of revenue recognised.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Our audit procedures included, amongst others, the following:

- we obtained an understanding of the internal controls over the measurement and timing of revenue recognised on related party transactions;

- we inspected the terms and conditions of the sales contracts on a sampling basis to assess that revenue recognised with related parties were similar to those with third parties;

- we performed test of details on revenue recognised with related parties during the year focusing on measurement of revenue recognised;

- we performed cut-off tests which included inspection of supporting documents evidencing the delivery of goods to customers and determined that such revenue was properly recorded in the correct accounting period; and

- we assessed the adequacy of disclosures on revenue as disclosed in the Notes 2.18, 4 and 25(a) 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 information included in 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 and will 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 identified above 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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.

OTHER MATTERS

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Low Khung Leong
02697/01/2023 J
Chartered Accountant

Tawau, Malaysia
19 May 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	4	460,870,606	273,652,065	15,516,000	20,436,000
Cost of sales	5	(443,725,569)	(262,818,106)	(877,142)	(951,126)
Gross profit		17,145,037	10,833,959	14,638,858	19,484,874
Other item of income					
Other income	6	1,316,438	1,682,224	900,038	518,797
Other items of expense					
Administrative expenses		(4,843,993)	(5,704,154)	(190,011)	(167,430)
Other expenses		(922,415)	(269,848)	–	–
Finance costs	7	(1,893,398)	(1,980,752)	(1,023,053)	(2,207,542)
Profit before tax	8	10,801,669	4,561,429	14,325,832	17,628,699
Income tax expense	11	(2,814,825)	(1,402,205)	(210,089)	(29,779)
Profit net of tax		7,986,844	3,159,224	14,115,743	17,598,920
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		7,986,844	3,159,224	14,115,743	17,598,920
Profit attributable to:					
Owners of the Company		7,986,844	3,159,224	14,115,743	17,598,920
Total comprehensive income attributable to:					
Owners of the Company		7,986,844	3,159,224	14,115,743	17,598,920
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	19.92	7.88		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

	Note	Group 2021 RM	2020 RM
Assets			
Non-current assets			
Property, plant and equipment	13	51,062,421	40,364,305
Current assets			
Biological assets	15	294,459	275,461
Inventories	16	26,088,759	27,739,773
Trade and other receivables	17	7,663,972	41,433,032
Income tax refundable		569,835	689,027
Cash and bank balances	18	51,977,066	33,293,163
		86,594,091	103,430,456
Total assets		137,656,512	143,794,761
Equity and liabilities			
Current liabilities			
Loans and borrowings	19	39,173,418	62,511,654
Trade and other payables	21	13,107,354	13,039,659
Derivatives	22	866,423	10,100
		53,147,195	75,561,413
Net current assets		33,446,896	27,869,043
Non-current liabilities			
Deferred tax liabilities	23	1,930,656	1,702,710
Loans and borrowings	19	22,358,724	14,297,545
		24,289,380	16,000,255
Total liabilities		77,436,575	91,561,668
Net assets		60,219,937	52,233,093
Equity attributable to owners of the Company			
Share capital	24	40,103,902	40,103,902
Retained earnings		20,116,035	12,129,191
Total equity		60,219,937	52,233,093
Total equity and liabilities		137,656,512	143,794,761

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

COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

	Note	Company 2021 RM	Company 2020 RM
Assets			
Non-current assets			
Property, plant and equipment	13	6	6
Investments in subsidiaries	14	30,555,430	30,064,430
		30,555,436	30,064,436
Current assets			
Trade and other receivables	17	7,655,266	12,534,224
Cash and bank balances	18	159,303	204,080
		7,814,569	12,738,304
Total assets		38,370,005	42,802,740
Equity and liabilities			
Current liabilities			
Trade and other payables	21	10,788,972	29,520,541
Income tax payable		192,472	9,381
Total liabilities		10,981,444	29,529,922
Net current liabilities		(3,166,875)	(16,791,618)
Net liabilities		27,388,561	13,272,818
Equity attributable to owners of the Company			
Share capital	24	40,103,902	40,103,902
Accumulated losses		(12,715,341)	(26,831,084)
Total equity		27,388,561	13,272,818
Total equity and liabilities		38,370,005	42,802,740

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 2021

	← Attributable to owners of the Company →		
Group	**Equity, total RM**	**Share capital (Note 24) RM**	**Retained earnings RM**
Opening balance at 1 February 2020	52,233,093	40,103,902	12,129,191
Profit net of tax	7,986,844	–	7,986,844
Other comprehensive income	–	–	–
Total comprehensive income for the year	7,986,844	–	7,986,844
Closing balance at 31 January 2021	60,219,937	40,103,902	20,116,035
Opening balance at 1 February 2019	49,073,869	40,103,902	8,969,967
Profit net of tax	3,159,224	–	3,159,224
Other comprehensive income	–	–	–
Total comprehensive income for the year	3,159,224	–	3,159,224
Closing balance at 31 January 2020	52,233,093	40,103,902	12,129,191

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 2021

Company	Equity, total RM	Share capital (Note 24) RM	Accumulated losses RM
Opening balance at 1 February 2020	13,272,818	40,103,902	(26,831,084)
Profit net of tax	14,115,743	–	14,115,743
Other comprehensive income	–	–	–
Total comprehensive income for the year	14,115,743	–	14,115,743
Closing balance at 31 January 2021	27,388,561	40,103,902	(12,715,341)
Opening balance at 1 February 2019	(4,326,102)	40,103,902	(44,430,004)
Profit net of tax	17,598,920	–	17,598,920
Other comprehensive income	–	–	–
Total comprehensive income for the year	17,598,920	–	17,598,920
Closing balance at 31 January 2020	13,272,818	40,103,902	(26,831,084)

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 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Operating activities					
Profit before tax		10,801,669	4,561,429	14,325,832	17,628,699
Adjustments for:					
Gain on disposal of property, plant and equipment	6	(19,998)	(135,134)	–	–
Depreciation of property, plant and equipment	8	3,393,759	3,295,034	–	–
Property, plant and equipment written off	8	–	2,481	–	–
Finance costs	7	1,893,398	1,980,752	1,023,053	2,207,542
Interest income	6	(375,374)	(573,940)	(398,238)	(518,797)
Inventories written off	8	–	106,605	–	–
Net change in fair value on forward currency contracts	8	(18,577)	(4,053)	–	–
Net change in fair value on commodity future contracts	8	874,900	–	–	–
Net unrealised loss on foreign exchange	8	205,976	299,642	–	–
Net fair value gain on biological assets, net	6,8	(18,998)	(35,066)	–	–
Reversal of impairment losses in investment in subsidiary	6,8	–	–	(491,000)	–
Total adjustments		5,935,086	4,936,321	133,815	1,688,745
Operating cash flows before changes in working capital		16,736,755	9,497,750	14,459,647	19,317,444
Changes in working capital:					
Inventories		1,651,014	38,504	–	–
Trade and other receivables		33,743,784	(34,884,394)	4,878,958	(1,913,099)
Trade and other payables		3,160	1,748,985	(18,731,569)	(16,329,574)
Total changes in working capital		35,397,958	(33,096,905)	(13,852,611)	(18,242,673)
Cash flows from/(used in) operations		52,134,713	(23,599,155)	607,036	1,074,771
Interest paid		(1,893,398)	(1,980,752)	(1,023,053)	(2,207,542)
Interest received		375,374	573,940	398,238	518,797
Income tax paid		(2,488,036)	(2,299,481)	(26,998)	(37,949)
Income tax refunded		20,349	1,223,223	–	69,392
Net cash flows from/(used in) operating activities		48,149,002	(26,082,225)	(44,777)	(582,531)

STATEMENTS OF CASH FLOWS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Investing activities					
Proceeds from disposal of property, plant and equipment		20,000	287,042	–	–
Purchase of property, plant and equipment	13	(14,097,732)	(3,618,340)	–	–
Net cash flows used in investing activities		(14,077,732)	(3,331,298)	–	–
Financing activities					
Drawdown of term loan		9,550,000	–	–	–
Drawdown of onshore foreign currency loan		198,573,355	92,023,866	–	–
Repayment of onshore foreign currency loan		(214,149,556)	(70,197,037)	–	–
Proceeds from bankers' acceptances		105,704,000	101,105,000	–	–
Repayment of bankers' acceptances		(113,591,000)	(98,223,000)	–	–
Payment of principal portion of lease liability		(1,415,794)	(1,346,348)	–	–
Net cash flows (used in)/ from financing activities		(15,328,995)	23,362,481	–	–
Net increase/(decrease) in cash and cash equivalents		18,742,275	(6,051,042)	(44,777)	(582,531)
Effect of exchange rate changes on cash and cash equivalents		(110,310)	932	–	–
Cash and cash equivalents at beginning of year		32,926,132	38,976,242	204,080	786,611
Cash and cash equivalents at end of year	18	51,558,097	32,926,132	159,303	204,080

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 2021

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. There have been no significant changes in the nature of the principal activities during the financial year.

The holding company is HTG Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia with its registered office located at No. 318, Teck Guan Regency, Jalan St. Patrick, Off Jalan Belunu, 91000 Tawau, Sabah.

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 Group and the Company adhere to the same accounting policies below unless otherwise stated.

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

2.2 Changes in accounting policies

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

On 1 February 2020, the Group and the Company adopted the following amended standards and interpretation mandatory for annual financial periods beginning on or after 1 February 2020.

Description	**Effective for annual periods beginning or after**
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	Immediately

The adoption of these amendments above did not have any impact on the financial statements of the Group.

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 or after
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018−2020	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
(ii) Amendments to MFRS 9: Financial Instruments	1 January 2022
(iii) Amendments to MFRS 16: Illustrative Example 13, Leases	1 January 2022
(iv) Amendments to MFRS 141: Agriculture	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations 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. For each business combination, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

Business combinations and goodwill (continued)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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.

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.

Goodwill is initially measured at cost, (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency (continued)

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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.

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 infrastructure	10 - 50 years
Plantation infrastructure	50 years
Tractors and motor vehicles	5 years
Plant and machinery	10 - 20 years
Equipment, furniture and fixtures	5 - 10 years

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Biological assets

Biological assets comprise 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 assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

2.11 Financial instruments – 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.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price in accordance with MFRS 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Financial assets (continued)

Subsequent measurement (continued)

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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 (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

An allowance is recognised for expected credit losses ("ECLs") for all debt instruments not held at fair value 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Impairment of financial assets (continued)

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.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. 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, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

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 upon initial recognition 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) Financial liabilities (continued)

At amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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.

(e) 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inventories

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

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

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

2.14 Provisions

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

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

2.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	39 - 883 years
Buildings	10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (continued)

Group as a lessee (continued)

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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 receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Revenue from contracts with customers

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

Other income

(a) Rental income

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

(b) Dividend income

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

(c) 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.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income taxes (continued)

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

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

- Where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

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

(d) Sales and Service Tax ("SST")

Revenue is recognised net of the amount of SST as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

When SST is incurred, SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

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.

2.21 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.

2.22 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

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. 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 periods.

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 and the Company based their 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 and the Company. 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 plants over the useful economic lives of the plants. 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 in excess of 4 weeks prior 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.

(c) Leases – determination of the lease term

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. As a lessee, the Group has a lease contract for the use of the land and buildings that includes an extension and a termination option. The Group applies judgement in evaluating whether or not it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

(d) Reversal of impairment of investment in a subsidiary

During the financial year, the Company has reversed an impairment loss of RM491,000 on its investment in a subsidiary which has been relatively profitable since the previous financial year. The recoverable amount of the investment is derived using value in use. The key assumptions used are as follows:

Assumptions	**Approach used**
Sales volume and price	Based on past performance and management expectation of market
Operational costs	Based on prior year actual and adjusted for inflation
Terminal value	No growth rate is imputed
Discount rate	Pre-tax discount rate of 14.5%

Other than changes to the sales volume and price, any reasonable change to the assumptions will not result in a material change in the recoverable amount. A 2% increase in yearly sales growth and sales price individually will result in additional reversal of impairment of approximately RM4 million with all other assumptions remaining the same.

4. REVENUE

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Revenue from contracts with customers:				
Types of goods or services				
Sale of crude palm kernel oil	145,659,093	92,048,768	–	–
Sale of palm oil related products	249,658,948	133,069,572	–	–
Sale of palm kernel expeller	25,610,195	19,943,304	–	–
Sale of plantation produce	7,510,935	7,182,627	–	–
Sale of cocoa products	12,814,954	9,824,906	–	–
Sale of dried cocoa beans	85	8,611	–	–
Freight income	19,616,396	11,574,277	–	–
Administrative fees from subsidiaries	–	–	756,000	756,000
	460,870,606	273,652,065	756,000	756,000
Other revenue				
Dividend income	–	–	14,760,000	19,680,000
	460,870,606	273,652,065	15,516,000	20,436,000
Timing of revenue recognition				
At a point in time	441,254,210	262,077,788	–	–
Over time	19,616,396	11,574,277	756,000	756,000
Total revenue from contracts with customers	460,870,606	273,652,065	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	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Within one year	28,341,553	3,615,132	–	–

5. COST OF SALES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cost of goods sold	443,725,569	262,818,106	–	–
Cost of services rendered	–	–	877,142	951,126
	443,725,569	262,818,106	877,142	951,126

6. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income	375,374	573,940	398,238	518,797
Gain on disposal of property, plant and equipment	19,998	135,134	–	–
Rental income	179,100	174,200	–	–
Realised gain on commodity future contracts	–	98,950	–	–
Fair value gain on biological assets, net	18,998	35,066	–	–
Unrealised fair value gain on forward currency contracts	8,477	–	–	–
Government grant	424,800	–	–	–
Reversal of impairment losses on investment in subsidiary	–	–	491,000	–
Miscellaneous	289,691	664,934	10,800	–
	1,316,438	1,682,224	900,038	518,797

7. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense on:				
Bank overdrafts	–	401	–	–
Bankers' acceptances	674,550	957,885	–	–
Onshore foreign currency loan	441,193	202,574	–	–
Amounts due to subsidiaries	–	–	1,023,053	2,207,542
Lease liabilities (Note 20)	750,446	819,892	–	–
Term loan interest	27,209	–	–	–
	1,893,398	1,980,752	1,023,053	2,207,542

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Employee benefits expense (Note 9)	6,273,924	6,447,459	747,488	860,326
Non-executive directors' remuneration (Note 10)	54,000	54,000	54,000	54,000
Auditors' remuneration:				
- Statutory audits:				
- current year	102,500	98,500	51,000	49,000
- under/(over) provision in respect of previous year	7,000	3,300	6,000	(200)
- Other services				
- current year	15,200	7,500	6,600	4,500
Depreciation of property, plant and equipment (Note 13)	3,393,759	3,295,034	–	–
Fair value gain on biological assets, net	(18,998)	(35,066)	–	–
Net (gain)/loss on foreign exchange:				
- realised	(49,636)	(39,894)	–	–
- unrealised	205,976	299,642	–	–
Net change in fair value on commodity futures contracts:				
- unrealised	874,900	–	–	–
Net change in fair value on forward currency contracts	(18,577)	(4,053)	–	–
Property, plant and equipment written off	–	2,481	–	–
Reversal of impairment losses on investment in subsidiary	–	–	(491,000)	–
Inventories written off	–	106,605	–	–
Hire of equipment	92,082	95,749	8,190	10,798
Premises expenses	45,960	45,960	25,200	25,200

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Salaries, wages and allowances	5,788,775	5,947,530	711,618	776,068
Contributions to defined contribution plan	415,573	430,491	69,601	77,448
Social security contributions	64,974	64,689	5,808	6,294
Employment insurance scheme contributions	4,602	4,749	461	516
	6,273,924	6,447,459	747,488	860,326

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM376,661 (2020: RM296,603) and RM275,536 (2020: RM275,536) respectively as disclosed in Note 10.

10. DIRECTORS' REMUNERATION

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Executive:				
Salaries and other emoluments	334,137	261,732	244,500	244,500
Bonus	–	1,050	–	–
Contributions to defined contribution plan	40,474	31,974	29,520	29,520
Social security contributions	1,918	1,718	1,421	1,421
Employment insurance scheme contributions	132	129	95	95
Total executive directors' remuneration	376,661	296,603	275,536	275,536
Non-executive:				
Fees (Note 8)	54,000	54,000	54,000	54,000
	430,661	350,603	329,536	329,536

11. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 January 2021 and 2020 are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	2,766,848	1,452,113	209,813	29,781
- (Over)/under provision in respect of previous year	(179,969)	90	276	(2)
	2,586,879	1,452,203	210,089	29,779
Deferred income tax (Note 23):				
- Origination and reversal of temporary differences	227,946	(50,187)	–	–
- Under provision in respect of previous year	–	189	–	–
	227,946	(49,998)	–	–
Income tax expense recognised in profit or loss	2,814,825	1,402,205	210,089	29,779

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

11. INCOME TAX EXPENSE (CONTINUED)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 January 2021 and 2020 are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Accounting profit before tax	10,801,669	4,561,429	14,325,832	17,628,699
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	2,592,400	1,094,743	3,438,200	4,230,888
Adjustments:				
Non-deductible expenses	862,917	775,560	431,853	522,093
Income not subject to tax	(55,314)	(6,386)	(3,660,240)	(4,723,200)
Utilisation of previously unrecognised tax losses	(470,369)	(790,354)	–	–
Deferred tax assets not recognised on unabsorbed capital allowances	65,160	328,363	–	–
(Over)/under provision of current income tax in respect of previous year	(179,969)	90	276	(2)
Under provision of deferred tax in respect of previous year	–	189	–	–
Income tax expense recognised in profit or loss	2,814,825	1,402,205	210,089	29,779

11. INCOME TAX EXPENSE (CONTINUED)

The Group has the following tax losses and incentives which are available for offset against the future taxable profits subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation:

	Group	
	2021	**2020**
	RM	**RM**
Unutilised tax losses - Malaysian	31,724,081	33,683,952
Unabsorbed capital allowances	4,920,992	4,649,489

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses of the Group's subsidiaries in Malaysia can only be carried forward until the following year of assessment:

	Group	
	2021	**2020**
	RM	**RM**
Unutilised tax losses to be carried forward until:		
- Year of assessment 2025	31,630,854	33,590,725
- Year of assessment 2026	93,227	93,227
	31,724,081	33,683,952

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 2021 and 2020:

	Group	
	2021	**2020**
Profit net of tax, attributable to owners of the Company (RM)	7,986,844	3,159,224
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic earnings per share (sen)	19.92	7.88

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings* RM	Bearer plants 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 2020	36,958,237	8,162,885	2,741,990	46,919,612	2,249,387	2,854,642	99,886,753
Additions	13,449,020	–	89,215	–	5,676	553,821	14,097,732
Disposals	–	–	(22,113)	–	–	–	(22,113)
Reclassifications	3,227,248	–	–	–	–	(3,233,103)	(5,855)
At 31 January 2021	53,634,505	8,162,885	2,809,092	46,919,612	2,255,063	175,360	113,956,517
Accumulated depreciation and accumulated impairment:							
At 1 February 2020	10,618,544	4,232,682	2,470,002	40,831,493	1,369,727	–	59,522,448
Depreciation charge for the year (Note 8)	2,187,439	337,395	81,390	631,974	155,561	–	3,393,759
Disposals	–	–	(22,111)	–	–	–	(22,111)
At 31 January 2021	12,805,983	4,570,077	2,529,281	41,463,467	1,525,288	–	62,894,096
Net carrying amount:							
At 31 January 2021	40,828,522	3,592,808	279,811	5,456,145	729,775	175,360	51,062,421

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Land and buildings* RM	Bearer plants 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 2019	19,885,550	8,162,885	2,764,490	47,231,206	1,520,954	–	79,565,085
- effect of adopting MFRS 16	17,059,687	–	–	–	–	–	17,059,687
Restated balance at 1 February 2019	36,945,237	8,162,885	2,764,490	47,231,206	1,520,954	–	96,624,772
Additions	13,000	–	10,000	9,800	730,898	2,854,642	3,618,340
Disposals	–	–	(32,500)	(317,494)	(1,175)	–	(351,169)
Written off	–	–	–	(3,900)	(1,290)	–	(5,190)
At 31 January 2020	36,958,237	8,162,885	2,741,990	46,919,612	2,249,387	2,854,642	99,886,753
Accumulated depreciation and accumulated impairment:							
At 1 February 2019	8,544,439	3,893,655	2,389,302	40,331,166	1,270,822	–	56,429,384
Depreciation charge for the year (Note 8)	2,074,105	339,027	113,199	667,865	100,838	–	3,295,034
Disposals	–	–	(32,499)	(165,588)	(1,174)	–	(199,261)
Written off	–	–	–	(1,950)	(759)	–	(2,709)
At 31 January 2020	10,618,544	4,232,682	2,470,002	40,831,493	1,369,727	–	59,522,448
Net carrying amount:							
At 31 January 2020	26,339,693	3,930,203	271,988	6,088,119	879,660	2,854,642	40,364,305

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 2020	3,978,479	5,013	7,171,995	25,336,935	465,815	36,958,237
Additions	–	12,439,374	730,646	279,000	–	13,449,020
Reclassifications	–	–	1,901,440	1,325,808	–	3,227,248
At 31 January 2021	3,978,479	12,444,387	9,804,081	26,941,743	465,815	53,634,505
Accumulated depreciation and accumulated impairment:						
At 1 February 2020	261,466	2,419	4,161,692	5,980,774	212,193	10,618,544
Depreciation charge for the year (Note 8)	14,086	22,175	204,542	1,937,320	9,316	2,187,439
At 31 January 2021	275,552	24,594	4,366,234	7,918,094	221,509	12,805,983
Net carrying amount:						
At 31 January 2021	3,702,927	12,419,793	5,437,847	19,023,649	244,306	40,828,522

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

*** Land and buildings of the Group comprise (continued):**

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 2019	3,978,479	5,013	7,158,995	8,277,248	465,815	19,885,550
- effect of adopting MFRS 16	–	–	–	17,059,687	–	17,059,687
Restated balance at 1 February 2019	3,978,479	5,013	7,158,995	25,336,935	465,815	36,945,237
Additions	–	–	13,000	–	–	13,000
At 31 January 2020	3,978,479	5,013	7,171,995	25,336,935	465,815	36,958,237
Accumulated depreciation and accumulated impairment:						
At 1 February 2019	230,799	2,300	3,982,183	4,255,205	73,952	8,544,439
Depreciation charge for the year (Note 8)	30,667	119	179,509	1,725,569	138,241	2,074,105
At 31 January 2020	261,466	2,419	4,161,692	5,980,774	212,193	10,618,544
Net carrying amount:						
At 31 January 2020	3,717,013	2,594	3,010,303	19,356,161	253,622	26,339,693

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Equipment, furniture and fixtures RM
Cost:	
At 1 February 2019, 31 January 2020, 1 February 2020 and 31 January 2021	16,258
Accumulated depreciation:	
At 1 February 2019, 31 January 2020, 1 February 2020 and 31 January 2021	16,252
Net carrying amount:	
At 1 February 2019, 31 January 2020, 1 February 2020 and 31 January 2021	6

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20(a).

During the financial year, the Group completed the acquisition of a leasehold land for RM12,439,374. The acquisition is to facilitate future business expansion of the Group.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	37,563,852	37,563,852
Capital contribution	41,594,233	41,594,233
Less: Accumulated impairment losses	(48,602,655)	(49,093,655)
	30,555,430	30,064,430
Accumulated impairment losses		
At 1 January	49,093,655	49,093,655
Reversal of impairment losses	(491,000)	–
At 31 January	48,602,655	49,093,655

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Capital contribution represents amount capitalised on debt due from a subsidiary waived by the Company.

During the financial year, the Company recorded a reversal of impairment loss of RM491,000 in respect of a subsidiary which has been relatively profitable since the previous year. The reversal of impairment is based on the subsidiary's recoverable amount of RM491,000 using value in use. Significant estimates used in arriving at the recoverable amount is disclosed in Note 3.

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

	Proportion of ownership interest held by the Group *		
Name of subsidiaries	**2021**	**2020**	**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

* Equals to the proportion of voting rights held.

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

15. BIOLOGICAL ASSETS

Fair value	**Group RM**
At 1 February 2019	240,395
Transfer to produce stock	(240,395)
Fair value	275,461
At 31 January 2020	275,461
Transfer to produce stock	(275,461)
Fair value	294,459
At 31 January 2021	294,459

	2021 MT	**2020 MT**
Production for the year	14,976	18,563

Biological assets of the Group comprise 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 in excess of 4 weeks prior 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 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.

16. INVENTORIES

	Group	
	2021 RM	2020 RM
Cost		
Finished goods	19,445,767	22,394,846
Raw materials	2,848,058	2,708,695
Trading goods	2,603,049	1,582,498
Stores and supplies	1,191,885	1,053,734
	26,088,759	27,739,773

During the financial year, inventories recognised as an expense in cost of sales of the Group was RM176,444,873 (2020: RM128,167,613).

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	2,424,936	34,368,973	–	–
Amounts due from related companies	1,420,946	959,509	–	–
	3,845,882	35,328,482	–	–
Other receivables				
Amounts due from related parties:				
Subsidiaries	–	–	7,635,883	12,514,841
Related companies	378,242	1,181,915	–	–
	378,242	1,181,915	7,635,883	12,514,841
Deposits	1,205,229	705,625	1,050	1,050
Prepayments	1,797,761	3,874,382	18,333	18,333
Sundry receivables	436,858	274,204	–	–
GST refundable	–	68,424	–	–
	3,818,090	6,104,550	7,655,266	12,534,224

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total trade and other receivables	7,663,972	41,433,032	7,655,266	12,534,224
Add: Cash and bank balances (Note 18)	51,977,066	33,293,163	159,303	204,080
Less: Prepayments	(1,797,761)	(3,874,382)	(18,333)	(18,333)
Less: GST refundable	–	(68,424)	–	–
Total financial assets carried at amortised cost	57,843,277	70,783,389	7,796,236	12,719,971

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors except as disclosed in Note 27.

Trade receivables are generally on 30 to 60 days (2020: 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	
	2021 RM	2020 RM
Neither past due nor impaired	3,739,018	34,865,648
1 to 30 days past due not impaired	106,864	–
31 to 60 days past due not impaired	–	462,729
61 to 90 days past due not impaired	–	–
91 to 120 days past due not impaired	–	105
More than 121 days past due not impaired	–	–
	106,864	462,834
	3,845,882	35,328,482

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

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 RM106,864 (2020: RM462,834) 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.

These amounts are unsecured, non-interest bearing and are repayable upon demand.

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, bear interest at the rates of 3.79% to 4.79% (2020: 5.04% to 5.26%) per annum and are repayable upon demand.

(d) Sundry receivables

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

18. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash at banks and on hand	11,677,931	3,516,947	159,303	4,080
Short-term deposits with licensed banks	40,299,135	29,776,216	–	200,000
	51,977,066	33,293,163	159,303	204,080

18. CASH AND BANK BALANCES (CONTINUED)

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

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Licensed banks	1.39	2.24	–	2.25

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 5 days (2020: 1 day and 12 days) depending on the immediate cash requirements of the Group and the Company and earn interest at the respective short-term deposits rates.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	51,977,066	33,293,163	159,303	204,080
Less: Bank overdrafts (Note 19)	(418,969)	(367,031)	–	–
Cash and cash equivalents	51,558,097	32,926,132	159,303	204,080

19. LOANS AND BORROWINGS

		Group	
	Maturity	2021 RM	2020 RM
Current			
Secured:			
Bankers' acceptances	On demand	31,015,000	38,902,000
Onshore foreign currency loan	On demand	6,250,628	21,826,829
Lease liabilities	2021	1,488,821	1,415,794
		38,754,449	62,144,623
Unsecured:			
Bank overdrafts		418,969	367,031
		39,173,418	62,511,654

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS (CONTINUED)

	Maturity	Group 2021 RM	Group 2020 RM
Non-current:			
Secured:			
Lease liabilities	2022-2029	12,808,724	14,297,545
Term loan	2022-2026	9,550,000	–
		22,358,724	14,297,545

	Group 2021 RM	Group 2020 RM
Total loans and borrowings		
Bank overdrafts (Note 18)	418,969	367,031
Bankers' acceptances	31,015,000	38,902,000
Onshore foreign currency loan	6,250,628	21,826,829
Lease liabilities	14,297,545	15,713,339
Term loan	9,550,000	–
	61,532,142	76,809,199

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

	Group 2021 RM	Group 2020 RM
On demand or within one year	39,173,418	62,511,654
Later than 1 year but not later than 2 years	1,724,783	1,488,821
Later than 2 years but not later than 5 years	10,928,269	4,943,280
More than 5 years	9,705,672	7,865,444

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

	Group 2021 %	Group 2020 %
Bank overdrafts	6.04	7.04
Bankers' acceptances	2.22	3.68
Onshore foreign currency loan	1.05	2.60
Lease liabilities	5.04	5.04
Term loan	3.25	–

19. LOANS AND BORROWINGS (CONTINUED)

Bankers' acceptances, onshore foreign currency loan and term loan facilities are secured by corporate guarantees provided by the Company. The leased liabilities are secured by the related rights-of-use assets.

Changes in liabilities arising from financing activities:

	Group				
	Bankers' acceptances RM	**Onshore foreign currency loan RM**	**Lease liabilities RM**	**Term loan RM**	**Total RM**
At 1 February 2020	38,902,000	21,826,829	15,713,339	–	76,442,168
Accretion of interest (Note 20)	–	–	750,446	–	750,446
Drawdown	105,704,000	198,573,355	–	9,550,000	313,827,355
Repayment	(113,591,000)	(214,149,556)	(2,166,240)	–	(329,906,796)
At 31 January 2021	31,015,000	6,250,628	14,297,545	9,550,000	61,113,173

	Group			
	Bankers' acceptances RM	**Onshore foreign currency loan RM**	**Lease liabilities RM**	**Total RM**
At 1 February 2019	36,020,000	–	–	36,020,000
Effect of adopting MFRS 16	–	–	17,059,687	17,059,687
Accretion of interest (Note 20)	–	–	819,892	819,892
Drawdown	101,105,000	92,023,866	–	193,128,866
Repayment	(98,223,000)	(70,197,037)	(2,166,240)	(170,586,277)
At 31 January 2020	38,902,000	21,826,829	15,713,339	76,442,168

20. LEASES

Group as a lessee

The Group has lease contracts for land and buildings. The Group's obligations under these leases are secured by the lessor's title to the leased assets.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Group			
	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Total RM
Cost				
At 1 February 2019	3,978,479	5,013	–	3,983,492
Effect of adopting MFRS 16	–	–	17,059,687	17,059,687
At 1 February 2020	3,978,479	5,013	17,059,687	21,043,179
Addition	–	12,439,374	–	12,439,374
At 31 January 2021	3,978,479	12,444,387	17,059,687	33,482,553
Accumulated depreciation				
At 1 February 2019	230,799	2,300	–	233,099
Depreciation charge for the year	30,667	119	1,705,969	1,736,755
At 1 February 2020	261,466	2,419	1,705,969	1,969,854
Depreciation charge for the year	14,086	22,175	1,705,969	1,742,230
At 31 January 2021	275,552	24,594	3,411,938	3,712,084
Net carrying amount				
At 31 January 2020	3,717,013	2,594	15,353,718	19,073,325
At 31 January 2021	3,702,927	12,419,793	13,647,749	29,770,469

20. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amounts of lease liabilities (included under loans and borrowings) and the movements during the year are disclosed in Note 19 and the maturity analysis of lease liabilities is disclosed in Note 27(b).

The table below describes the nature of the Group's leasing activities by type of right-of-use assets recognised on the statements of financial position:

	Group	
	2021	**2020**
No. of right-of-use assets leased	1	1
No. of leases with extension option	–	–

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The Group has not exercised any of these termination options.

The discounted potential future lease payments arising from termination and extension options in certain lease contracts are not included in the lease liabilities due to uncertainties as to whether the options will or will not be exercised.

(c) Amounts recognised in profit or loss

	2021 RM	**2020 RM**
Depreciation expenses of right-of-use assets	1,742,230	1,736,755
Interest expense on lease liabilities (Note 7)	750,446	819,892
Rental expenses relating to short-term leases	45,960	45,960
Total amount recognised in profit or loss	2,538,636	2,602,607

The Group had total cash outflows for leases of RM2,212,200 (2020: RM2,212,200) during the financial year.

20. LEASES (CONTINUED)

Group as a lessor

The Group had entered into leases on its properties. These property leases typically have lease term of 3 years with renewal option included in the contract.

Future minimum rentals receivable under non-cancellable operating leases contracted at the reporting date were as follows:

	2021 RM	2020 RM
Not later than 1 year	48,000	176,500
Later than 1 year but not later than 5 years	2,500	31,000
	50,500	207,500

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Amounts due to				
related companies	6,792,217	7,648,334	–	–
Third parties	3,952,808	2,620,045	–	–
	10,745,025	10,268,379	–	–
Other payables				
Amounts due to				
related parties:				
Subsidiaries	–	–	10,631,416	29,386,287
Related companies	592,063	756,878	8,026	8,847
Holding company	–	180	–	180
	592,063	757,058	10,639,442	29,395,314
Accruals	1,041,577	1,243,070	149,530	123,405
Advances	10,500	21,932	–	–
Deposits	73,154	1,000	–	–
Sundry payables	645,035	748,220	–	1,822
	2,362,329	2,771,280	10,788,972	29,520,541
Total trade and other payables	13,107,354	13,039,659	10,788,972	29,520,541

21. TRADE AND OTHER PAYABLES (CONTINUED)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total trade and other payables	13,107,354	13,039,659	10,788,972	29,520,541
Add: Loans and borrowings (Note 19)	61,532,142	76,809,199	–	–
Total financial liabilities carried at amortised cost	74,639,496	89,848,858	10,788,972	29,520,541

(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 (2020: 30 to 60 days).

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, bear interest at the rates 3.79% to 4.79% (2020: 5.04% to 5.26%) per annum and are repayable upon demand.

(c) Amounts due to related companies and ultimate holding company (other payables)

These amounts are unsecured, non-interest bearing and are repayable upon demand.

(d) Sundry payables and advances

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

22. DERIVATIVES

	2021		2020	
	Contract/ notional amount RM	Asset/ (liabilities) RM	Contract/ notional amount RM	Liabilities RM
Group				
Non-hedging derivatives:				
Forward currency contracts	1,403,488	8,477	3,406,867	(10,100)
Commodity futures contracts:				
- Assets	12,200,550	502,325	–	–
- Liabilities	19,562,775	(1,377,225)	–	–
	31,763,325	(874,900)	–	–
	33,166,813	(866,423)	3,406,867	(10,100)

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 commodity futures contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the crude palm oil commodities. Subsequent to the financial year, the commodity futures contracts realised losses of approximately RM2,181,325.

The method and assumptions applied in determining the fair values of derivative are disclosed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED TAX LIABILITIES/(ASSETS)

	As at 1 February 2019 RM	Recognised in profit or loss (Note 11) RM	As at 31 January 2020 RM	Recognised in profit or loss (Note 11) RM	As at 31 January 2021 RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	3,517,276	(342,505)	3,174,771	83,112	3,257,883
Biological assets	57,695	8,416	66,111	4,559	70,670
	3,574,971	(334,089)	3,240,882	87,671	3,328,553
Deferred tax assets:					
Unutilised tax losses	(464,348)	464,348	–	–	–
Unabsorbed capital allowances	(1,357,915)	(180,257)	(1,538,172)	140,275	(1,397,897)
	(1,822,263)	284,091	(1,538,172)	140,275	(1,397,897)
	1,752,708	(49,998)	1,702,710	227,946	1,930,656
Company					
Deferred tax liability:					
Property, plant and equipment	1	(1)	–	–	–
Deferred tax asset:					
Unabsorbed capital allowances	(1)	1	–	–	–
	–	–	–	–	–

23. DEFERRED TAX LIABILITIES (CONTINUED)

Presented after appropriate offsetting as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities	1,930,656	1,702,710	–	–

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

	Group	
	2021 RM	2020 RM
Unutilised tax losses	31,724,081	33,683,952
Unabsorbed capital allowances	4,920,992	4,649,489
Other deductible temporary differences	264,417	264,417
	36,909,490	38,597,858
Unrecognised deferred tax benefits at 24%	8,858,278	9,263,486

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 authority and compliance with certain provisions of the tax legislation.

24. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021	2020	2021 RM	2020 RM
Issued and fully paid				
At beginning of year	40,096,902	40,096,902	40,103,902	40,103,902

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

25. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Note	2021 RM	2020 RM
Group			
<u>With subsidiaries of the holding company</u>			
Sale of crude palm kernel oil to:			
Teck Guan (China) Ltd.	(ii)	152,060,846	73,742,910
Sale of palm kernel expeller to:			
Sudutjasa Sdn. Bhd.	(ii)	115,780	100,755
Wawasan Megaprima Sdn. Bhd.	(ii)	120,000	–
Sale of oil palm fresh fruit bunches to:			
Sungai Burung Industries Sdn. Bhd.	(ii)	3,714,037	4,289,324
Tri Grow Sdn. Bhd.	(ii)	205,750	16,519
Konsep Muktamad Sdn. Bhd.	(ii)	1,497,338	1,288,473
Prosperous Sebatik Sdn. Bhd.	(ii)	460,944	375,969
Utas Sutera Sdn. Bhd.	(ii)	68,805	45,113
Sale of palm oil related products to:			
Teck Guan (China) Ltd.	(ii)	–	214,086
Sale of cocoa powder to:			
Teck Guan Trading Sdn. Bhd.	(ii)	524,191	466,824
Sale of chocolate products to:			
Teck Guan trading Sdn. Bhd.	(ii)	1,504,757	1,757,180
Sale of cocoa beans to:			
Teck Guan Trading Sdn. Bhd.	(ii)	10	63
Hotel Emas Sdn. Bhd.	(ii)	–	60
Teck Guan Sdn. Bhd.	(ii)	–	60
Sale of fruits to:			
Hotel Emas Sdn. Bhd.	(ii)	120,432	54,500
Sales of property, plant and equipment to:			
Evergreen Intermerge Sdn. Bhd.	(ii)	6,000	–

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	2021 RM	2020 RM
Group			
With subsidiaries of the holding company (continued)			
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
Electricity charges charged to:			
Teck Guan Industries Sdn. Bhd.	(ii)	3,096	2,612
Brantian Palm Oil Sdn. Bhd.	(ii)	11,011	18,234
Teck Guan trading Sdn. Bhd.	(ii)	12,181	18,234
Hiring of vehicle and transport charges charged to:			
Stellar Energy Sdn. Bhd.	(ii)	127,204	97,211
Konsep Muktamad Sdn. Bhd.	(ii)	2,011	1,977
Ladang Subur Sdn. Bhd.	(ii)	40,029	35,980
Sudutjasa Sdn. Bhd.	(ii)	48,628	22,201
Semporna Estate Sdn. Bhd.	(ii)	382	857
Weighbridge rental charged to:			
Prosperous Sebatik Sdn. Bhd.	(ii)	1,953	1,890
Purchase of palm kernel from:			
Atlantica Sdn. Bhd.	(iii)	11,497,872	7,869,767
Brantian Palm Oil Sdn. Bhd.	(iii)	6,679,214	6,346,181
Konsep Muktamad Sdn. Bhd.	(iii)	9,994,624	7,063,822
Prosperous Sebatik Sdn. Bhd.	(iii)	8,845,860	7,721,386
Sungai Burung Industries Sdn. Bhd.	(iii)	15,612,665	13,974,630
Teck Guan Plantations Sdn. Bhd.	(iii)	5,146,896	–
Purchase of fresh fruit bunches from:			
Stellar Energy Sdn. Bhd.	(iii)	109,492	48,830

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	2021 RM	2020 RM
Group			
<u>With subsidiaries of the holding company (continued)</u>			
Purchase of palm oil related products from:			
Atlantica Sdn. Bhd.	(iii)	–	51,072
Brantian Palm Oil Sdn. Bhd.	(iii)	–	488,925
Konsep Muktamad Sdn. Bhd.	(iii)	783,217	3,216,358
Prosperous Sebatik Sdn. Bhd.	(iii)	3,504,257	3,166,806
Sungai Burung Industries Sdn. Bhd.	(iii)	1,101,618	6,714,452
Teck Guan Plantations Sdn. Bhd.	(iii)	1,173,848	–
Evergreen Intermerge Sdn Bhd.	(iii)	–	72,151
Purchase of goods from:			
Teck Guan Trading Sdn. Bhd. (chemical and fertilizer)	(iii)	105,384	280,566
Teck Guan Sdn. Bhd. (diesel and lubricant)	(iii)	229,896	398,323
Bio-resources Sdn. Bhd. (fuel and oil)	(iii)	2,120	9,128
Syarikat Padi Sawa Sdn. Bhd. (fuel and oil maintenance)	(iii)	8,028	–
Stellar Energy Sdn. Bhd. (labour and estate store consumables)	(iii)	6,052	–
Prosperous Sebatik Sdn. Bhd. (fertilizer and chemical)	(iii)	108,745	281,198
Bestbricks (Sabah) Sdn. Bhd. (fertilizer)	(iii)	–	763,350
Teck Guan Fertilizers Sdn. Bhd. (fertilizer)	(iii)	1,000,697	384,324
Teck Guan Steel Sdn. Bhd. (steel products)	(iii)	429	14,525
Stellar Energy Sdn. Bhd. (wet cocoa beans)	(iii)	2,130	1,603
Teck Guan Industries Sdn. Bhd. (fertilizer)	(iii)	48,341	5,101
Sungai Burung Industries Sdn. Bhd. (store and supplies)	(iii)	588	23,356
Hotel Emas Sdn. Bhd. (food and beverage)	(iii)	15,547	20,272
Purchase of property, plant and equipment from:			
Teck Guan Development Sdn. Bhd.	(iii)	381,260	–
Teck Guan Plantations Sdn. Bhd.	(iii)	–	10,000

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	2021 RM	2020 RM
Group			
With subsidiaries of the holding company (continued)			
Electricity, water and utilities charges charged by:			
Jolly Land Sdn. Bhd.	(iii)	46,920	46,920
Evergreen Intermerge Sdn. Bhd.	(iii)	58,302	584,050
Konsep Muktamad Sdn. Bhd.	(iii)	16,544	22,372
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
Hoko Sdn. Bhd.	(iii)	92,082	95,749
Insurance expense charged by:			
Utas Sutera Sdn. Bhd.	(iii)	105,438	367
Teck Guan Sdn. Bhd.	(iii)	507,027	–
TG.Com Sdn. Bhd.	(iii)	397	–
Teck Guan Holdings Sdn. Bhd.	(iii)	968	1,163
Plantation administrative fee charged by:			
Prosperous Sebatik Sdn. Bhd.	(iii)	36,000	36,000
Miscellaneous expenses charged by:			
Hoko Sdn. Bhd. (printing and hiring of camera)	(iii)	4,476	3,449
Teck Guan Trading Sdn. Bhd. (transport fee and hiring of vehicles)	(iii)	54,380	48,960
Wise Mission Sdn. Bhd. (hiring of vehicles)	(iii)	24,962	24,176
Teck Guan Plantations Sdn. Bhd. (printing and office supplies)	(iii)	35,947	26,742
Teck Guan Development Sdn. Bhd. (hiring of vehicles)	(iii)	19	35

NOTES TO THE FINANCIAL STATEMENTS

25. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	2021 RM	2020 RM
Company			
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
Dividend income received from:			
Tawau Cocoa Estate Sdn. Bhd.		14,760,000	19,680,000
Interest income charged to:			
Cacao Paramount Sdn. Bhd.	(i)	390,397	511,000
Interest expense charged by:			
Tawau Cocoa Estate Sdn. Bhd.	(i)	856,060	2,115,704
Majulah Koko Tawau Sdn. Bhd.	(i)	166,993	91,838
With a subsidiary of the holding company			
Computer rental charged by:			
Hoko Sdn. Bhd.	(iii)	8,190	10,798

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

(i) Interest income and interest expense arose from amounts due from/(to) subsidiaries.
(ii) 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) 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) 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 2021 is disclosed in Note 17 and Note 21.

25. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	481,080	409,522	390,909	390,909
Post-employment benefits:				
Defined contribution plan	46,282	37,782	35,328	35,328
	527,362	447,304	426,237	426,237

Included in compensation of key management personnel is directors' remuneration amounting to RM430,661 (2020: RM350,603) and RM329,536 (2020: RM329,536) of the Group and the Company respectively as disclosed in Note 10.

26. FAIR VALUE MEASUREMENT

(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.

26. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value hierarchy (continued)

Fair value measurement hierarchy as at 31 January 2021 and 31 January 2020 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Assets/(liabilities)				
Biological assets	–	–	294,459	294,459
Derivatives				
- Forward currency contracts	–	8,477	–	8,477
- Commodity futures contracts	–	(874,900)	–	(874,900)
2020				
Assets/(liabilities)				
Biological assets	–	–	275,461	275,461
Derivatives				
- Forward currency contracts	–	(10,100)	–	(10,100)

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	17
Cash and bank balances	18
Loans and borrowings (exclude lease liabilities)	19
Trade and other payables	21

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

26. FAIR VALUE MEASUREMENT (CONTINUED)

(b) Determination of fair value (continued)

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.

The fair value commodity futures contracts are estimated by the lenders, being the estimated settlement amount had the contracts been terminated at the reporting date. The settlement amount corresponds with the future price of the commodity quoted by Bursa Malaysia.

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.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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.

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

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. Export sales to a related company in China are primarily secured by letter of credits issued in favour of the Group.

Information regarding loss allowance movement of trade and other receivables are disclosed in Note 17.

(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 17.

(iii) Financial guarantees

At the reporting date, the Company's maximum exposure to credit risk is represented by the nominal amount of RM210,350,000 (2020: RM197,800,000) relating to corporate guarantees provided by the Company to banks for banking facilities granted to 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.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

Credit risk concentration profile

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

	Group			
	2021		2020	
	RM	% of total	RM	% of total
By country:				
Peoples' Republic of China	333,584	9	30,009,274	85
Singapore	1,019,664	27	3,972,803	11
Malaysia	1,521,813	39	1,057,455	3
Korea	167,237	4	–	–
India	148,654	4	135,086	–
Iran	13,949	–	358	–
Pakistan	640,981	17	153,506	1
	3,845,882	100	35,328,482	100

As at 31 January 2021, there is no significant concentration of credit risk. In 2020, the Group has a significant concentration of credit risk in the form of amount due from three customers representing 85% of total trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 17. 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 17.

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.

Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
At 31 January 2021				
Financial liabilities:				
Trade and other payables	13,107,354	–	–	13,107,354
Loans and borrowings (exclude lease liabilities)	37,684,597	5,889,179	3,660,821	47,234,597
Lease liabilities (Note 20)	2,166,240	6,498,720	8,664,960	17,329,920
Total undiscounted financial liabilities	52,958,191	12,387,899	12,325,781	77,671,871
At 31 January 2020				
Financial liabilities:				
Trade and other payables	13,039,659	–	–	13,039,659
Loans and borrowings (exclude lease liabilities)	61,095,860	–	–	61,095,860
Lease liabilities (Note 20)	2,166,240	6,498,720	10,831,200	19,496,160
Total undiscounted financial liabilities	76,301,759	6,498,720	10,831,200	93,631,679

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Company	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
At 31 January 2021				
Financial liabilities:				
Trade and other payables	10,788,972	–	–	10,788,972
Total undiscounted financial liabilities	10,788,972	–	–	10,788,972
Financial guarantee contracts	210,350,000	–	–	210,350,000
At 31 January 2020				
Financial liabilities:				
Trade and other payables	29,520,541	–	–	29,520,541
Total undiscounted financial liabilities	29,520,541	–	–	29,520,541
Financial guarantee contracts	197,800,000	–	–	197,800,000

(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 (2020: 25 points) lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM116,159 (2020: RM53,460) 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.

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 95% (2020: 96%) of the Group's sales are denominated in foreign currencies and 49% (2020: 55%) of cost of sales are denominated in RM. 61% (2020: 92%) 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 RM10,416,271 (2020: RM8,725,885) 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	
		2021	**2020**
Group		**RM**	**RM**
RM/USD	- strengthened 5%	427,528	2,334,539
	- weakened 5%	(427,528)	(2,334,539)

(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 financial years ended 31 January 2021 and 31 January 2020.

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

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	19	61,532,142	76,809,199	–	–
Trade and other payables	21	13,107,354	13,039,659	10,788,972	29,520,541
Less: Cash and bank balances	18	(51,977,066)	(33,293,163)	(159,303)	(204,080)
Net debt		22,662,430	56,555,695	10,629,669	29,316,461
Equity attributable to owners of the Company		60,219,937	52,233,093	27,388,561	13,272,818
Total capital		60,219,937	52,233,093	27,388,561	13,272,818
Capital and net debt		82,882,367	108,788,788	38,018,230	42,589,279
Gearing ratio		27%	52%	28%	69%

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.

For the year ended 31 January 2021, revenue derived from sale of crude palm kernel oil to Teck Guan (China) Ltd. amounted to RM 152,060,846 (2020: RM 73,742,910) representing 33% (2020: 27%) of total sales of the Group.

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

29. SEGMENT INFORMATION (CONTINUED)

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

	Cocoa products		Oil palm products		Corporate		Adjustments and elimination		Note	Per consolidated financial statements	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM		2021 RM	2020 RM
Revenue:											
External customers	13,453,382	10,321,212	447,417,224	263,330,853	–	–	–	–		460,870,606	273,652,065
Inter-segment	150	3,533	–	–	–	–	(150)	(3,533)	A	–	–
	13,453,532	10,324,745	447,417,224	263,330,853	–	–	(150)	(3,533)	B	460,870,606	273,652,065
Results:											
Interest income	242,025	206,499	1,148,561	2,567,186	398,238	518,797	(1,413,450)	(2,718,542)	A	375,374	573,940
Finance costs	–	–	(2,283,795)	(2,491,752)	(1,023,053)	(2,207,542)	1,413,450	2,718,542	A	(1,893,398)	(1,980,752)
Depreciation	184,321	200,700	3,209,438	3,094,334	–	–	–	–		3,393,759	3,295,034
Segment profit/(loss)	1,626,414	1,332,972	10,223,767	4,339,216	(1,048,512)	(1,110,759)	–	–		10,801,669	4,561,429
Assets:											
Additions to non-current assets	99,260	900	13,998,472	3,617,440	–	–	–	–	C	14,097,732	3,618,340
Segment assets	17,486,831	15,537,008	119,421,154	127,345,257	178,692	223,469	569,835	689,027	D	137,656,512	143,794,761
Liabilities:											
Segment liabilities	330,404	248,704	74,544,671	89,216,924	630,844	393,330	1,930,656	1,702,710	E	77,436,575	91,561,668

29. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenues are eliminated on consolidation.

B Timing of revenue recognition:

	2021		2020	
	Cocoa products RM	**Oil palm products RM**	**Cocoa products RM**	**Oil palm products RM**
At a point in time	12,815,039	428,439,171	9,833,517	252,244,271
Over time	638,343	18,978,053	487,695	11,086,582
	13,453,382	447,417,224	10,321,212	263,330,853

C Additions of non-current assets consist of:

	Note	**2021 RM**	**2020 RM**
Property, plant and equipment	13	14,097,732	3,618,340

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

	2021 RM	**2020 RM**
Income tax refundable	569,835	689,027

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

	Note	**2021 RM**	**2020 RM**
Deferred tax liabilities	23	1,930,656	1,702,710

30. EVENTS AFTER THE REPORTING PERIOD

COVID-19 pandemic

The operational and financial impact of the COVID-19 pandemic up till the reporting date has been reflected in the financial statements. To the extent that ongoing impact has been estimated, the Group has considered the uncertainties arising from the COVID-19 pandemic in preparation of the financial statements. However, the expected duration and extent of the pandemic and related financial, social and public health impact of the COVID-19 on the Group are uncertain. The financial impact going forward for the Group will depend on evolving changes in government policy.

The Group has managed, and continues to manage, the risks arising from COVID-19.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 January 2021 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 May 2021.

TECK GUAN PERDANA BERHAD
[Registration No. 199401021418 (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-Seventh Annual General Meeting of the Company, to be held at Xocolatt Hall, Ground Floor, Hotel Emas, Jalan Utara, 91000 Tawau, Sabah on Tuesday, 29 June 2021 at 9.00 a.m. and at any adjournment thereof.

		For	Against
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 2022.		
Resolution 2	To re-elect Datuk Hong Ngit Ming who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution.		
Resolution 3	To re-elect Mr. Fung Hiuk Bing who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution.		
Resolution 4	To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 5	Continuation in office for Mr. Tham Vui Vun as Independent Non-Executive Director		
Resolution 6	Continuation in office for Mr. Wong Peng Mun as Independent Non-Executive Director		
Resolution 7	Authority for Directors to Allot and Issue New Ordinary Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016		
Resolution 8	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Shareholders' Mandate for Additional Recurrent Related Party Transactions		

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

Dated this __________ day of ____________________ 2021

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 96 hours before the time fixed for holding the Meeting.
6. Only members whose names appear in the Record of Depositors as at 22 June 2021, 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.

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AFFIX
STAMP

The Company Secretary
TECK GUAN PERDANA BERHAD
[Registration No. 199401021418 (307097-A)]
318, Teck Guan Regency
Jalan St. Patrick, Off Jalan Belunu
91000 Tawau, Sabah
Malaysia

2nd Fold Here

Fold This Flap For Sealing

TECK GUAN PERDANA BERHAD

199401021418 (307097-A)