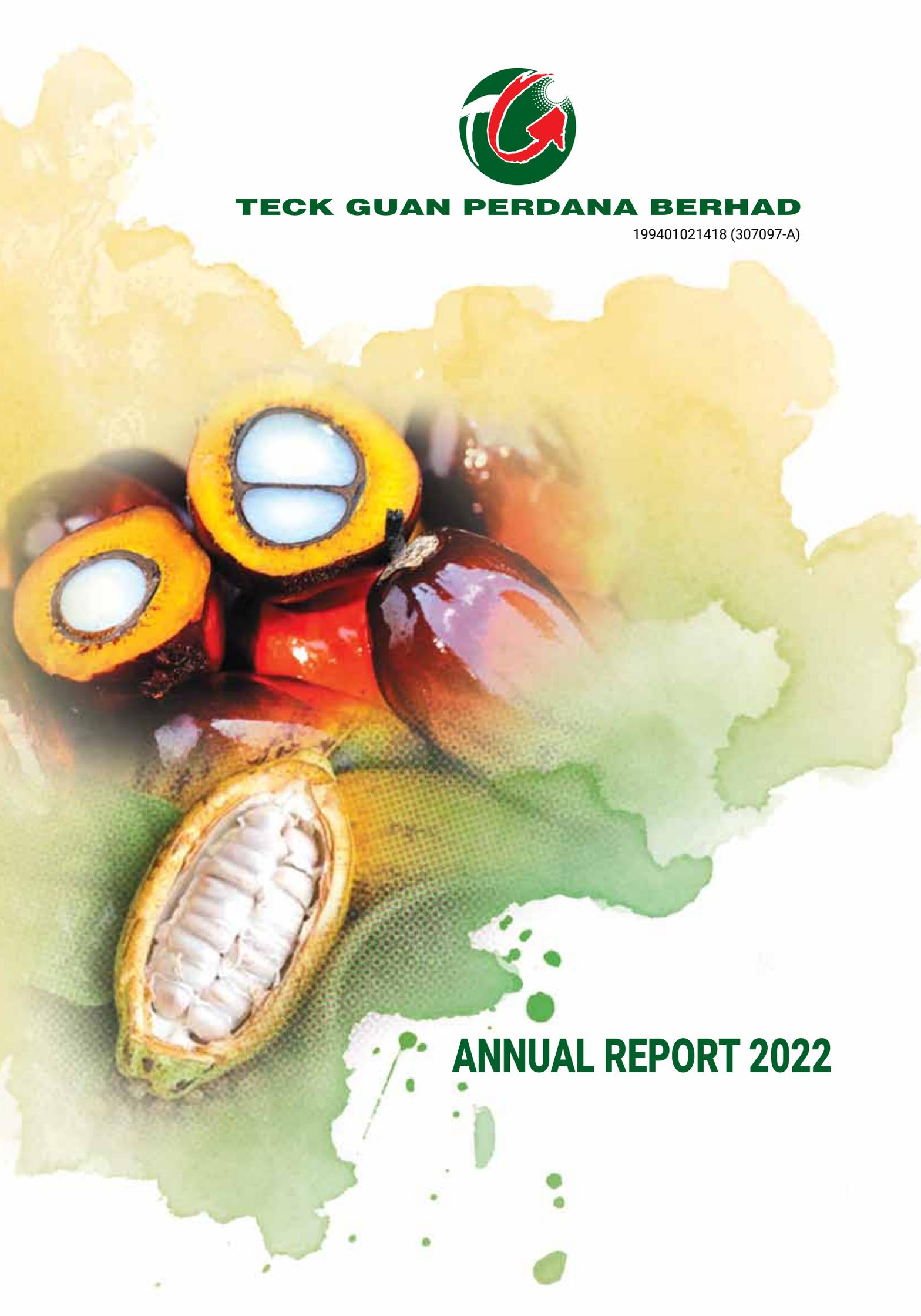




TECK GUAN PERDANA BERHAD

199401021418 (307097-A)



ANNUAL REPORT 2022



TABLE OF CONTENTS

2	Notice of Annual General Meeting	PERFORMANCE REVIEW	OTHER INFORMATION
6	Statement Accompanying Notice of Annual General Meeting	16 Chairman's Statement	52 Analysis of Shareholdings
		18 Management Discussion & Analysis	55 List of Properties
			56 Financial Statements
			Proxy Form
	CORPORATE INFORMATION	CORPORATE GOVERNANCE	
7	Corporate Information	22 Corporate Governance Overview Statement	
8	Financial Highlights	33 Nomination & Remuneration Committee Report	
9	Corporate Structure	35 Audit & Risk Management Committee Report	
10	Profiles of Directors and Key Senior Management	39 Statement on Risk Management and Internal Control	
		41 Statement of Directors' Responsibilities in Report of the Audited Financial Statements	
		42 Additional Compliance Information	
		43 Sustainability Statement	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Eighth Annual General Meeting of the Members of the Company will be conducted on a fully virtual basis through the online meeting platform provided by Convene Malaysia Sdn. Bhd. (Registration No. 201601013112 / 1184043-M) at <https://conveneagm.my/teckguanagm2022> (MYNIC Domain Registration Number D6A475992) on Tuesday, 28 June 2022 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 2022 together with the Reports of the Directors and Auditors thereon. | (Refer to Note 8) |
| 2. To approve a first and final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31 January 2022. | Resolution 1 |
| 3. To approve the payment of Directors' fees not exceeding the amount RM54,000 and any benefits payable for the financial year ending 31 January 2023. | Resolution 2 |
| 4. To re-elect Mr. Tham Vui Vun who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution. | Resolution 3 |
| 5. To re-elect Ms. Hong Kun Yee who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution. | 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 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 approval be and is hereby given to Mr. Wong Peng Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) 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 |

NOTICE OF ANNUAL GENERAL MEETING

7. ORDINARY RESOLUTION

Authority for Directors to Allot and Issue Shares

“THAT, subject always to the Companies Act 2016 (“the Act”), the Company’s Constitution and approvals of the relevant authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval for the listing and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company, or at the expiry of the period within which the next AGM of the Company is required by law to be held, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting.”

Resolution 7

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 30 May 2022 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.”

NOTICE OF ANNUAL GENERAL MEETING

9. NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a first and final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31 January 2022, if approved, will be paid on 11 August 2022 to depositors registered in the Records of Depositors on 28 July 2022.

A depositor shall qualify for entitlement only in respect of:-

- i. Shares transferred into the Depositor's Securities Accounts before 5.00 p.m. on 28 July 2022 in respect of transfer; and
 - ii. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.
10. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

JULIAN YEOH YUN KIAT (MIA 28007) / SSM PC No.: 201908004119

Company Secretary

Tawau, Sabah.

Dated this 30 May 2022

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 or electronically via email perdana@teckguan.com or online at <https://conveneagm.my/teckguanagm2022>, not less than ninety-six (96) hours before the time fixed for holding the Meeting.
6. Only members whose names appear in the Record of Depositors as at 21 June 2022, issued by Bursa Malaysia Depository Sdn. Bhd., will be entitled to attend and vote at the fully virtual meeting or appoint proxy(ies) to attend and vote 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:- (CONTINUED)

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 2 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current Board of Directors ("Board") size. In the event the proposed amount is insufficient (due to enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Explanatory Notes on Special Business

10. 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 the 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 more than nine (9) 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 more than nine (9) years,

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

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 30 May 2022 for more information.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:- (CONTINUED)

Personal Data Privacy

13. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, pose questions to the Board 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 28th 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) Berhad

SOLICITORS

Chung & Associates
RYCO Law Firm

STOCK EXCHANGE LISTING

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

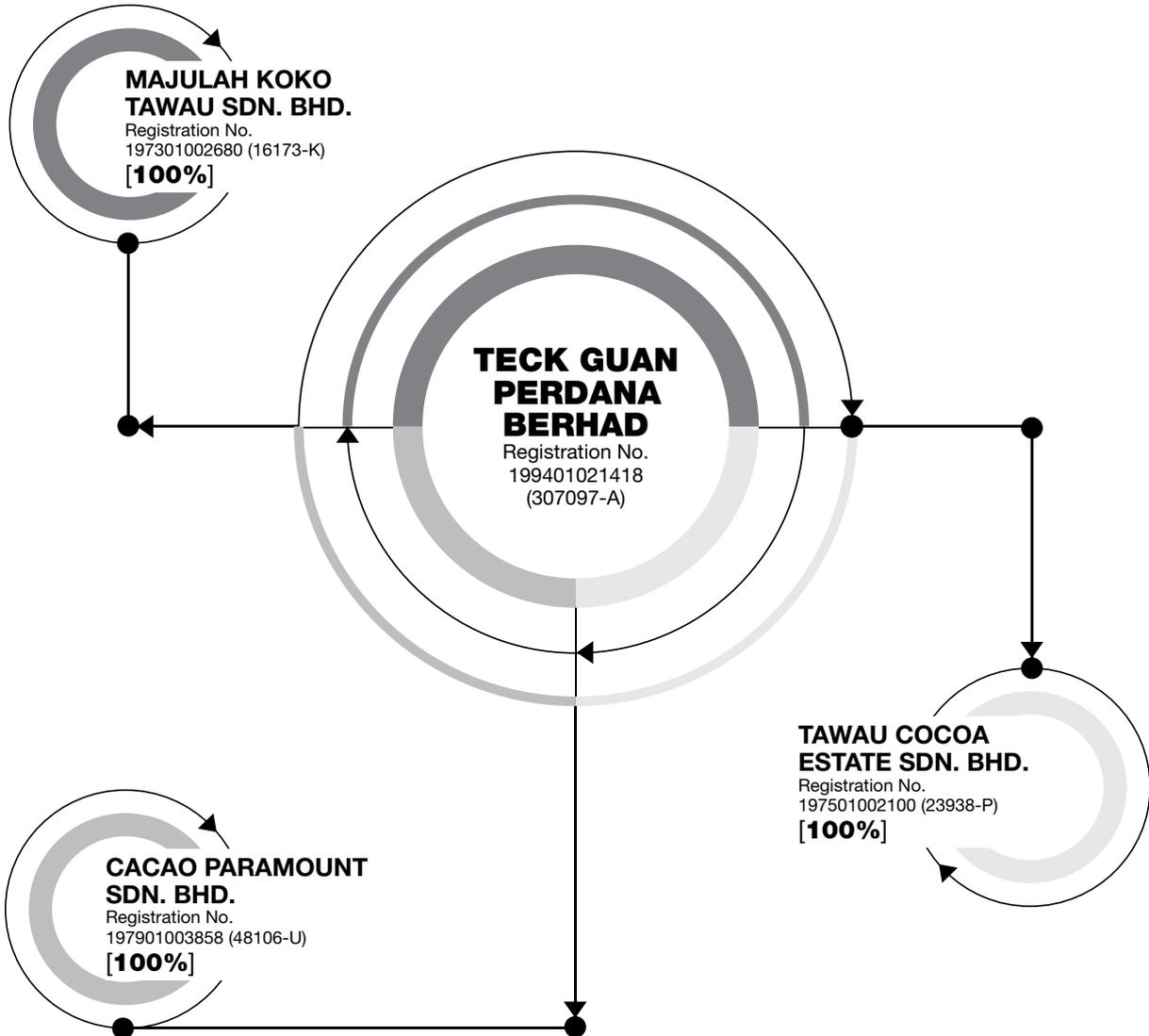
WEBSITE

www.teckguan.com/tgp

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 JANUARY	2022 RM'000	2021 RM'000 (restated)	2020 RM'000 (restated)	2019 RM'000	2018 RM'000
RESULTS OF OPERATIONS					
Revenue	502,509	460,871	273,652	301,902	387,915
Pre-Tax Profit	24,831	10,802	4,561	3,924	2,744
After-Tax Profit	19,731	7,999	3,159	2,521	225
FINANCIAL POSITION					
Working Capital	52,286	33,447	27,869	27,691	24,344
Net Assets	78,583	58,853	50,854	49,074	46,552
Total Assets	219,014	137,657	143,795	98,755	138,197
Paid-up Capital	40,104	40,104	40,104	40,104	40,104
Shareholders' Funds	78,583	58,853	50,854	49,074	46,552
PER SHARE (in SEN)					
Net Assets	195.9	146.8	126.8	122.4	116.1
Profit Before Tax*	61.9	26.9	11.4	9.8	6.8
Profit After Tax*	49.2	19.9	7.9	6.3	0.6
Dividend – Final (Gross)	3.0	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:
65

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: 69	Gender: Male	Nationality: Malaysian
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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:

42

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: 53	Gender: Male	Nationality: Malaysian
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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 Berhad 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: 62	Gender: Male	Nationality: Malaysian
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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 Berhad 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: 65	Gender: Male	Nationality: Malaysian
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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
2022.

FINANCIAL PERFORMANCE

For the year ended 31 January 2022, the Group registered a revenue of RM502.51 million, representing an increase of 9.04% compared to RM460.87 million in the preceding year. The higher revenue was mainly attributed by favourable palm oil products segment.

The Group registered a profit after tax of RM19.73 million as compared to RM8.00 million in the preceding year mainly due to higher operating margin.

OPERATIONS REVIEW

(a) Oil Palm Products:

During the financial review, 85.80% of 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 3.67%. The sales volume for crude palm kernel oil had registered a decrease of approximately 4.12% while an increase of 15.21% for palm kernel expeller as compared with the preceding year.

The operating profit for palm oil products segment increased from RM10.22 million in the preceding year to RM24.29 million in the current year. The increase was primarily attributed to an increase in operating margin.

(b) Cocoa Products:

The operating profit for cocoa products segment increased from RM1.63 million in the preceding year to RM1.75 million in the current year. The increase was mainly attributed to increase in average selling price.

DIVIDEND

The Board of Directors has proposed a first and final tax-exempt dividend of 3 sen per ordinary share amounting to RM1,202,907.06 for the financial year ended 31 January 2022.

The Group continues to be financially nimble by maintaining a low net gearing ratio of 0.55 and a high level of liquidity with cash and cash equivalents of RM40.16 million as at the end of FY2022. With continuous proactive capital management, the Group is prepared to capitalise on future investment opportunities and meet business challenges posed by unfavourable market conditions.

CHAIRMAN'S STATEMENT

SUSTAINABILITY

The Group upholds its commitment to create impacts by operating in a sustainable manner and responsibly benefitting to humanity, focusing on sustainable business management, environmental stewardship and social accountability. The Group will continue to adopt a proactive and prudent approach in continuation of our sustainability agendas of balancing the needs of Economic, Environment and Social aspects. This is key to advocate the sustainable benefits of palm oil as the way forward to meet the needs and demands of a growing world population.

In the FY2022 period, the Group has strengthened our sustainability governance by forming the Risk Management & Sustainability Committee which comprises of the management of the respective divisions and departments. The Group remained committed to sustainable economic performance, ongoing certifications, maintaining ethical practices, prudent water management, adhering to environmental compliance, sustainable employment, high standards of occupational safety and health, and respecting diversity and equal opportunity.

More details on our sustainability initiatives and performance could be found in the Sustainability Statement on pages 43 to 51.

PROSPECTS

Despite a relentless challenging operating environment, the Group performed better against the preceding financial year 2021 amid both influencing internal and external factors exerted on palm-related products. Moving forward the palm oil prices are expected to stay firm whilst the impending world economy continues to strive possible solutions into faster recovery. Barring unforeseen uncertainties in the domestic and global economies triggered by the prolonged COVID-19 pandemic, the Management remains optimistic on the long-term prospects of the palm-based industry and will continue to focus on enhancing productivity excellence jointly with cost optimisation to minimise the negative impact on its profitability and liquidity so as to achieve sustainable growth.

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; and
- Sale of dried cocoa beans.

A. Group Financial Review

The Group's revenue and profit before tax for the financial year ended 31 January 2022 at RM502.51 million and RM24.83 million were higher than the last financial year by 9.04% and 129.91% respectively mainly attributed by favourable palm oil products segment. During the financial year, palm oil products segment reported a higher operating profit of RM24.29 million from RM10.22 million in the last financial year was mainly attributed by the increase in average selling price. Cocoa products segment reported higher operating profit of RM1.75 million compared to RM1.63 million in the last financial year.

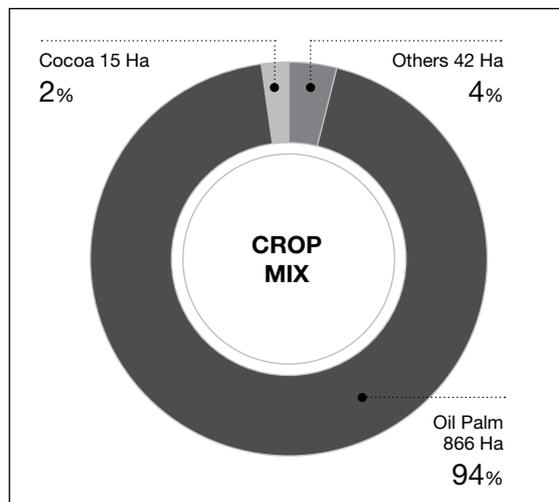
Consequently, Group recorded profit after tax for the financial year ended 31 January 2022 at RM19.73 million was higher than the last financial year's profit after tax of RM8.00 million.

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 expeller prices.

Despite the current economic environment, 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 business associated risks so as to achieve long-term sustainability.

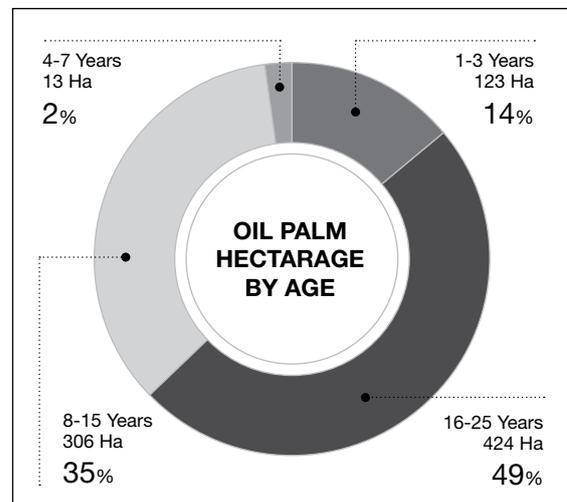
B. Group Business Review – Oil Palm and Cocoa Plantations

CROP MIX



Total Planted Area – 923 Ha

OIL PALM HECTARAGE BY AGE



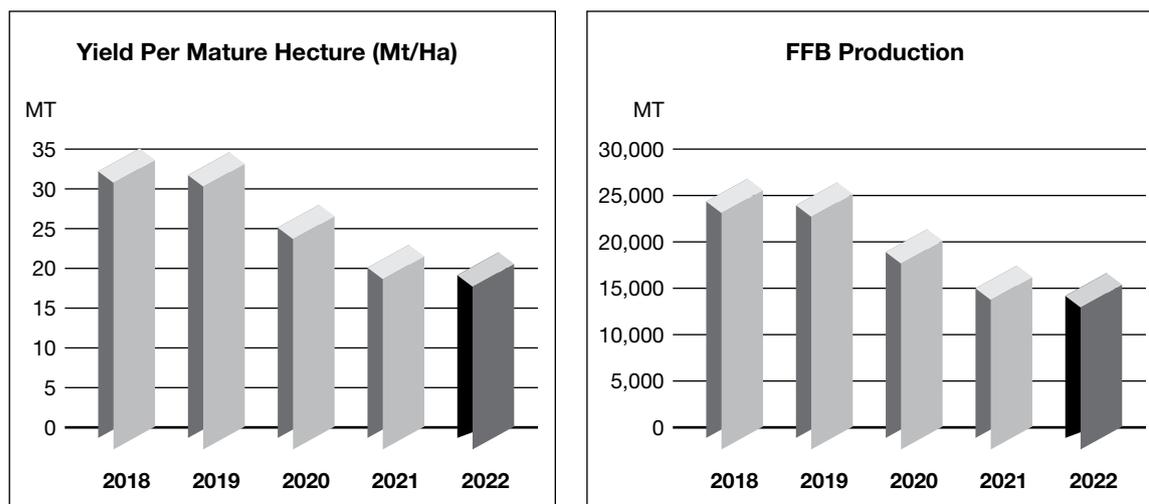
Total Oil Palm Planted Area – 866 Ha

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	FY2022	FY2021	FY2020	FY2019	FY2018
Oil Palm Area						
Mature	Hectare	743	743	743	753	740
Immature	Hectare	123	–	–	–	13
Total	Hectare	866	743	743	753	753
Cocoa Area						
Mature	Hectare	15	15	15	15	15
Immature	Hectare	–	–	–	–	–
Total	Hectare	15	15	15	15	15
Other Crops	Hectare	42	–	–	–	–
Total Planted Area	Hectare	923	758	758	768	768
Total Unplanted, Buildings and Infrastructure Areas	Hectare	98	263	57	57	59
Total Area	Hectare	1,021	1,021	815	825	827

Crop Statement

	Unit	FY2022	FY2021	FY2020	FY2019	FY2018
Oil Palm						
FFB production	Tonne	14,429	14,976	18,564	23,849	24,404
Yield per mature hectare	Tonne	19.42	20.16	24.99	31.68	32.98
Average selling price	RM/ Tonne	835	494	382	384	511

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

As at 31 January 2022, the Group's total planted area owned by subsidiary companies stood at 923 hectares. Approximately 93.81% 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 866 hectares. Approximately 86.42% of the Group's oil palm and cocoa plantation holdings are located at Tawau, Sabah, and the remaining of 13.58% at Lahad Datu, Sabah. The Group's plantation produce is principally processed by palm oil mills owned by the related companies.

For the current year under review, 86.04% of the oil palm and cocoa planted areas have attained maturity. The Group's estates produced a total of 14,429MT of FFB which was about 3.65% lower than the previous year mainly due to lower yield. FFB yield had decreased to 19.42 MT as compared to 20.16 MT in last financial year. Average FFB selling price in current financial year of RM835 per MT is about 69.03% 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 2022.

C. Group Business Review – Resource-Based Manufacturing

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

	Unit	FY2022	FY2021	FY2020	FY2019	FY2018
Production						
Crude Palm Kernel Oil	Tonne	44,346	42,561	37,342	49,678	48,648
Palm Kernel Expeller	Tonne	49,391	47,025	40,853	53,908	55,867
Extraction Rates						
Crude Palm Kernel Oil	%	46.10	46.70	47.40	47.23	46.23
Palm Kernel Expeller	%	51.60	51.60	51.86	51.25	53.09
Average Selling Price (Per Tonne)						
Crude Palm Kernel Oil	RM	6,622	3,223	2,552	3,742	5,320
Palm Kernel Expeller	RM	655	564	431	474	416
Trading of palm oil related products	RM	5,825	2,761	2,496	2,918	3,406

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 46.10% as compared last financial year at 46.70%.

The overall financial performance for the operation of kernel crushing plant and trading of palm products in financial year 2022 was reasonably encouraging despite the challenging operating environment posed by volatility of raw material prices and intense competition. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

2. Manufacturing and Trading of Cocoa Products

	Unit	FY2022	FY2021	FY2020	FY2019	FY2018
Average Selling Price (Per Tonne)						
Cocoa Products	RM	12,305	10,500	11,657	9,792	11,056
Chocolate Products	RM	11,920	11,710	12,437	13,649	13,741
Sales Volume						
Cocoa Products	Tonne	947	1,139	733	981	863
Chocolate Products	Tonne	167	127	142	117	119

Cocoa products' contribution of 2.71% to the revenue for the current year of the Group is insignificant.

During the financial year, the Group continued to market and ship cocoa products to overseas and local buyers. Exports of the cocoa products were mainly delivered to Pakistan, Jordan, China, Sri Lanka 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 the 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 the Board consist of Independent Non-Executive Directors ("Independent Directors") as follows:

Members of the Board	Designation	Number of Meetings During the FY 2022		Attendance Record
		Attended	Held	
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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 of independent directors.

Tenure of Independent Directors

The Board notes that the Code's practice prescribes that the tenure of an Independent Director does not exceed a cumulative term limit 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 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 9 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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. Nevertheless, the Board is committed to have at least 30% female representation in the Board as specified in the Board Charter. At present, there is one female board member in the Company. Therefore, we are currently seeking for one female board member with the credentials to fill up the position.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 collective responsibility for the leadership, oversight, control, development and sustainable growth of the Group as well as inculcating the appropriate culture and values throughout the organization.

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

A2.3 Board Oversight

The Board oversight functions concerns the review of the management performance in which the Board is assisted by the ARMC that provides effective oversight of the management performance, risk assessment, controls over business operations and corporate governance. The Board, at its quarterly meetings, reviews business financial results, risk management initiatives, oversees the implementation and effectiveness of internal control systems as well as enforces the compliance of legal and statutory requirements within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 is currently seeking a candidate from independent sources for an additional independent non-executive director position in meeting the requirement of Practice 1.4 and Practice 5.9 of the updated Code.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Mr. Tham Vui Vun and Ms. Hong Kun Yee.

A3.3 Board Evaluation

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3 BOARD PROCESS (CONTINUED)

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.

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 trainings, seminars, conferences, trade fairs and conventions and have attended the following during the financial year:

Mr. Tham Vui Vun

- MIA Webinar Series: ISA 500 & 501 Audit Evidence and Specific Considerations for Selected Items
- MIA Webinar Series: ISA 570 (Revised) on Going Concern Assessment & Evaluation
- National Tax Conference 2021
- MIA Webinar Series: Budget 2022 – Key Tax Proposals
- Seminar Percukaian Kebangsaan 2021

Mr. Fung Hiuk Bing

- 2022 Budget Seminar
- MIA Webinar Series: Asset Accounting Under MPERS- Covering Property, Plant & Equipment, Investment Property and Biological Assets
- MIA Webinar Series: Going Concern Assessment - Impact of Covid-19
- MIA Webinar Series: The Tax Issues and Law Relating to Property Transactions, Estates and Trusts
- MIA Webinar Series: Update on Transfer Pricing Documentation and CBCRs

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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	–	207,444	17,287	27,578	252,309
Ms. Hong Kun Yee	–	72,000	6,000	10,283	88,283
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	279,444	23,287	37,861	394,592

* 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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	56,000	113,000
Non-Audit Fees	7,150	21,400

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 Board had noted that Messrs. Ernst & Young PLT has indicated that they will not be seeking for re-appointment and will retire in the forthcoming AGM of the Company. The Board proposed the appointment of new external auditors which is subject to the approval of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

B1 AUDIT & RISK MANAGEMENT COMMITTEE (CONTINUED)

B1.1 Integrity in Financial Reporting (Continued)

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 his 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

C1 COMMUNICATION WITH STAKEHOLDERS (CONTINUED)

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, Circulars, 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.

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.

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 2022" 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 terms of reference 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		Attendance Record
		Attended	Held	
Mr. Wong Peng Mun	Chairman	1	1	100%
Mr. Fung Hiuk Bing	Member	1	1	100%
Mr. Tham Vui Vun	Member	1	1	100%

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

OBJECTIVE, POWERS AND DUTIES

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

- Board Recruitment, Appointment and Re-election Process – to identify, review and recommend candidatures for appointment to the Board and/or Board Committees; and to review the annual retirement of Directors by rotation and recommend the same for re-election by shareholders, including the review and recommending to the Board if the Company intends to seek shareholders’ approval to retain an Independent Director to continue in that capacity beyond the 9 years prescribed limit by the Code.
- Board Composition and Performance Evaluation – to conduct annual evaluation on the performance of individual Directors and other key officers, Board Committees and the effectiveness of the Board as a whole including the Board size, balance and mix of skills.
- Board Remuneration – to review and recommend to the Board, the remuneration package of the Directors, both executives and non-executives, with due consideration to the individual Director’s responsibilities and expertise, complexity of the Company’s activities and is structured to align with the business strategy and long-term objectives of the Company.

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

NOMINATION & REMUNERATION COMMITTEE REPORT

SUMMARY OF WORK OF THE NOMINATION & REMUNERATION COMMITTEE

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

a. Annual Evaluation of the Directors and the Board

The Company has conducted the annual evaluation exercise of the Board whereby the NRC reviewed the performance of the individuals Directors, the Board Committees and the effectiveness 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 Mr. Tham Vui Vun and Ms. Hong Kun Yee 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 terms of reference 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		Attendance Record
		Attended	Held	
Mr. Fung Hiuk Bing (MIA 11342*)	Chairman	5	5	100%
Mr. Tham Vui Vun (MIA 3667*)	Member	5	5	100%
Mr. Wong Peng Mun	Member	5	5	100%

* denotes the membership number of the Malaysian Institute of Accountants

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

OBJECTIVE, POWERS AND DUTIES

The principal objective of the ARMC is to assist the Board in fulfilling its fiduciary responsibilities and overall responsibilities of the Group’s activities, primarily to provide oversight of the financial reporting process, the audit process, internal control system and risk management process, corporate governance matters and compliance with laws and regulations.

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

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

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT & RISK MANAGEMENT COMMITTEE

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

1. Oversight of the Financial Reporting Process

During the financial year, the 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.

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.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

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 key risks review, 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 2022 to the Board for consideration and approval for inclusion in the Annual Report.



AUDIT & RISK MANAGEMENT COMMITTEE 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;
- comparison of actual related party transaction (other than revenue nature) against an annual limit of RM500,000 to ensure detection and announcement disclosure can be made in a timely manner; and
- adequacy, integrity and adherence to internal control system, focusing on key internal controls pertaining to the core business process namely 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 2022. 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 28 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM (CONTINUED)

Some key aspects of the Group's system of internal control are as follows:- (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 31 January 2022, 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 ON 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 2022 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 21 September 2021, 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 26 to the Financial Statements of this Annual Report, disclosing the type of recurrent related party transactions, the parties involved and the relationship with the Company.

4. EMPLOYEE SHARE SCHEME

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

SUSTAINABILITY STATEMENT

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 2022.

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 based on the material sustainability matters
Risk & Sustainability Department	Monitor sustainability initiatives and performance, and prepares Sustainability Report
Risk & Sustainability Committees	Implementation of sustainability initiatives based on the material sustainability matters identified

SUSTAINABILITY STATEMENT

SUSTAINABILITY STRATEGY, PRIORITIES, TARGETS AND STATUS REVIEW

For the financial year ended 31 January 2022, the Group has stepped up its sustainability efforts by developing sustainability strategy, priorities and targets. The sustainability strategy is set by the Board of Directors and purposely aligned with the Group's vision of "Craving to Serve Humanity". The targets, which are based on the sustainability priorities guided by the United Nations Sustainable Development Goals ("SDG") as a basis, are developed, implemented and monitored by the Risk & Sustainability Committees from various business units.

STRATEGY

- We are committed to create impacts by operating in a sustainable manner and responsibly benefitting to humanity.

PRIORITIES

- SDG 3: Good Health and Well-being
- SDG 6: Clean Water and Sanitation
- SDG 8: Decent Work and Economic Growth
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 14: Life Below Water
- SDG 15: Life on Land
- SDG 17: Partnerships for the Goals

Aspect	Target	Status FY2022	UN SDGs Contributions
Economy	Achieve cumulative yield above the Sabah average yield benchmark of 15.54 MT/Ha/yr (Feb 2021 – Jan 2022) for all estates.	Achieved target, our yield is at 19.42 MT/Ha/yr (Feb 2021 – Jan 2022), higher by 25% than the Sabah average yield.	SDG 12
	Maintain certification of Malaysian Sustainable Palm Oil ("MSPO") Standards and MSPO Supply Chain Certification Standard ("SCCS").	Achieved target, all estates and KCP are MSPO and SCCS certified since 2019, next recertification is 2024.	SDG 12 SDG 17
Environment	Legal compliance to water resources, biodiversity, environment and safety & health rules, regulations and guidelines.	Achieved target, no legal violation recorded.	SDG 3 SDG 6 SDG 12 SDG 14 SDG 15
	Protect forest reserve adjacent to Quoin Hill estate by maintaining forest reserve buffer zone.	Achieved target, no encroachment recorded.	SDG 15
	Monitor Rare, Threatened and Endangered ("RTE") policy to protect wildlife at all estates.	Achieved target, no incident of breach.	SDG 15
	Maintain zero burning at all estates.	Achieved target, no fire incident recorded.	SDG 13 SDG 15

SUSTAINABILITY STATEMENT

SUSTAINABILITY STRATEGY, PRIORITIES, TARGETS AND STATUS REVIEW (CONTINUED)

Aspect	Target	Status FY2022	UN SDGs Contributions
Social	Protective Personal Equipment (“PPE”) are provided free of charge to all our employees.	Achieved for all existing workers as per their job scope, and ongoing for new workers	SDG 3
	Achieve zero fatalities in all operational units.	Achieved target, there were no cases of fatality reported.	SDG 3
	Training on an annual basis by Sustainability Department to achieve minimal injuries and zero fatalities.	Achieved target, all employees underwent Safety & Health trainings on an annual basis.	SDG 3
	Comply with International Labour Organisation (“ILO”) guiding principles on human rights and child labour.	Achieved target, no legal violation recorded.	SDG 3 SDG 8
	Maintain physical security to ensure no theft or criminal case.	No theft or criminal case recorded.	SDG 3

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 strategy, priorities and targets.

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 any potential issues and risks in the Group’s business.

Stakeholders	Engagement Method	Areas of Interest	Anticipated Outcomes
Shareholders & Investors	<ul style="list-style-type: none"> AGM Annual reports Quarterly updates Company website 	<ul style="list-style-type: none"> Financial returns Future development plans 	<ul style="list-style-type: none"> Better Group strategy development for profit maximization
Employees	<ul style="list-style-type: none"> Meetings Daily muster Notices Visits Annual appraisal Multichannel engagements 	<ul style="list-style-type: none"> Job satisfaction Salary & wages Working conditions, facilities, safety, and training Career development Benefits 	<ul style="list-style-type: none"> Employee retention Happier & safer working environment Better understanding of company policies & procedures

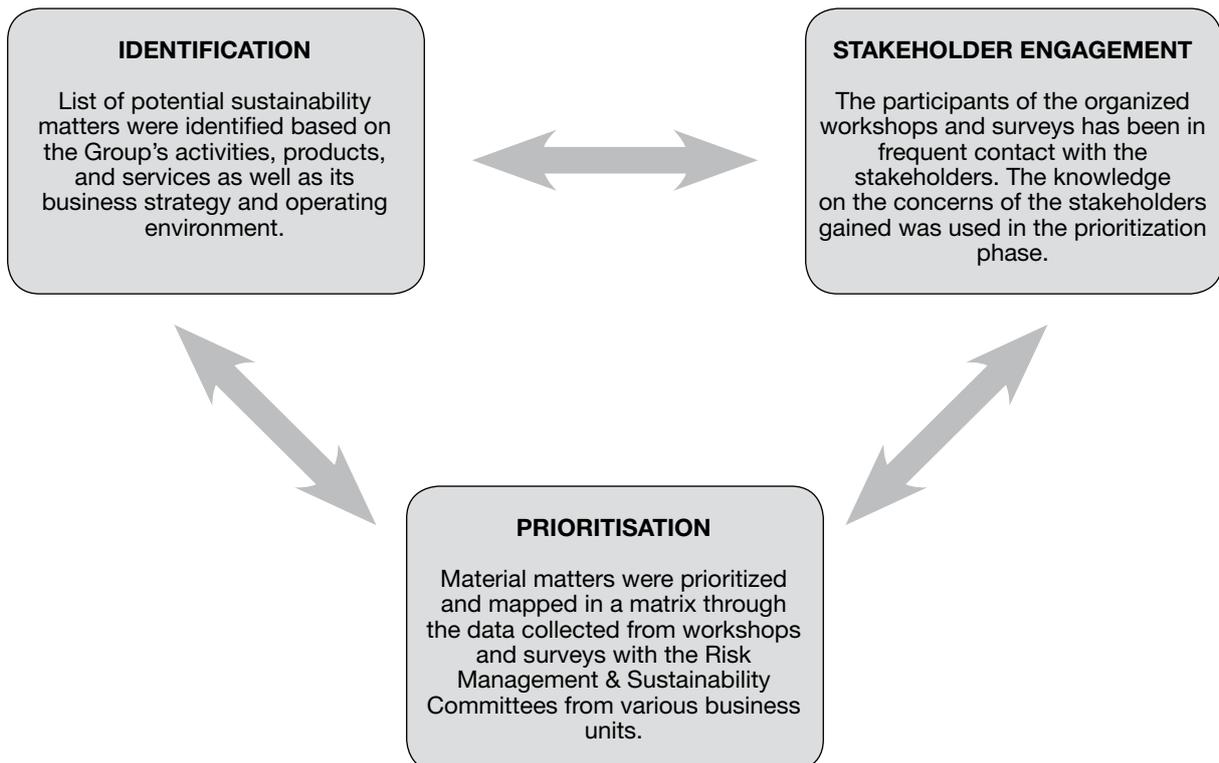
SUSTAINABILITY STATEMENT

STAKEHOLDERS ENGAGEMENT (CONTINUED)

Stakeholders	Engagement Method	Areas of Interest	Anticipated Outcomes
Customers	<ul style="list-style-type: none"> Meetings Phone calls Company website Annual reports 	<ul style="list-style-type: none"> Product quality Timely delivery/shipment 	<ul style="list-style-type: none"> Positive reputation High customer satisfaction
Suppliers	<ul style="list-style-type: none"> Meetings Phone calls Visits 	<ul style="list-style-type: none"> Timely payment Long-term relationship 	<ul style="list-style-type: none"> Positive reputation Better relationship and communication
Government Authorities	<ul style="list-style-type: none"> Formal & informal meetings On-site inspections 	<ul style="list-style-type: none"> Transparency Support for government policies and initiatives in the palm oil industry Compliance to legal requirements 	<ul style="list-style-type: none"> Compliance to the government's MSPO initiative Compliance to various regulations

MATERIAL SUSTAINABLE MATTERS

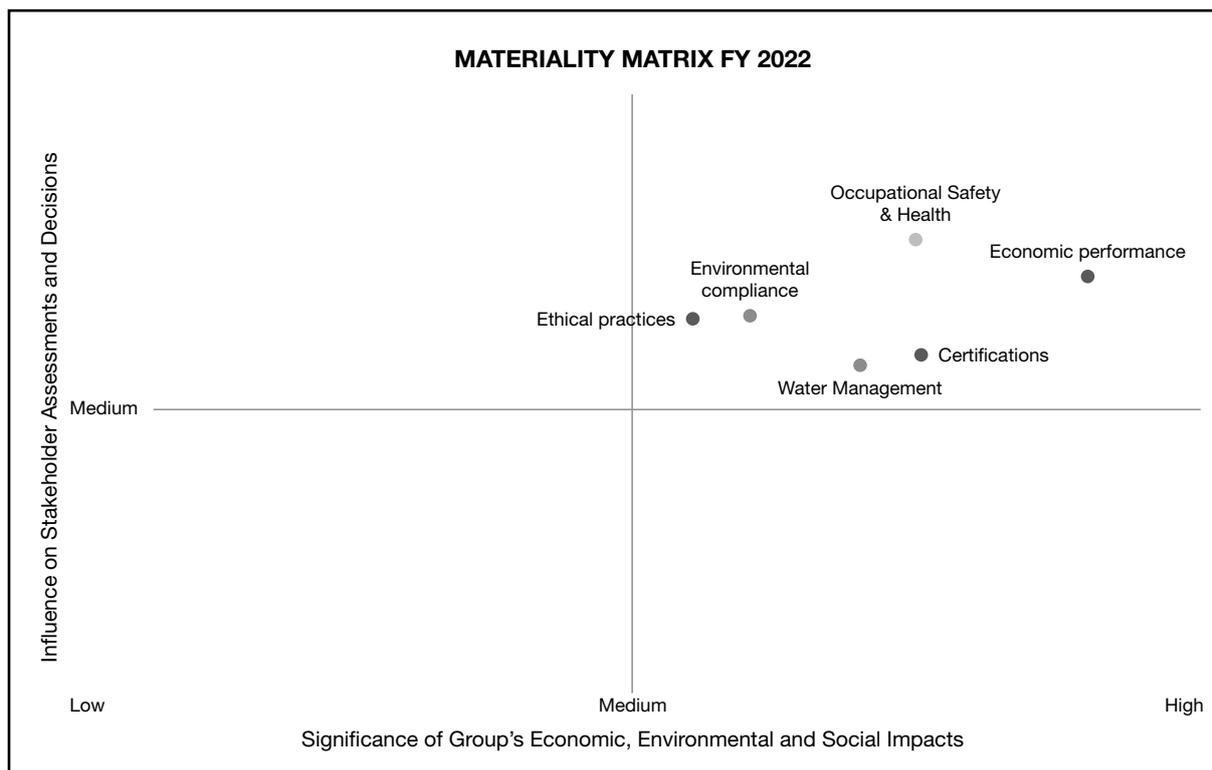
Material sustainability matters are those that have a significant impact on the Group's business activities and all its stakeholders. The materiality assessment is performed through a guided method, using Bursa Malaysia's Sustainability Reporting Guide as illustrated below:



SUSTAINABILITY STATEMENT

MATERIAL SUSTAINABLE MATTERS (CONTINUED)

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



Aspects	Material Matters for FY2022
Economic Sustainability	<ul style="list-style-type: none"> - Economic performance - Certifications - Ethical practices
Environmental Sustainability	<ul style="list-style-type: none"> - Water management - Environmental compliance
Social Sustainability	<ul style="list-style-type: none"> - Occupational safety & health

SUSTAINABILITY STATEMENT

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 surrounding local communities.

The Group's operations are affected by uncertainties such as seasonal crop production, climatic conditions and fluctuating commodity prices. The Group managed its economic performance by aggressively focussing on enhancing productivity and operating cost optimisation to mitigate the negative impact caused by the uncertainties.

In FY2022, the Group created a direct economic value of RM502.5 million, an increase of 9% from the last financial year and distributed a total economic value of RM483.0 million in the areas of operating cost, employees' wages and benefits, interests, and taxes. The following table provides the breakdown of this summary:

	FY 2022 (RM Million)	FY 2021 (RM Million)	Changes %
<i>Direct Economic Value Generated</i>			
Revenue	502.5	460.9	9.0
<i>Economic Value Distributed</i>			
Our Suppliers: Operating Costs	469.0	443.7	5.7
Our Employees: Wages & Benefits	6.4	6.3	1.6
Our Lenders: Payments to Lenders	2.3	1.9	21.1
The Government: Payments to Government	5.3	2.5	112.0
Total	483.0	454.4	6.3

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY: MANAGING SUSTAINABLE BUSINESS (CONTINUED)

Economic Performance (Continued)

Certifications

The Group recognises positive economic, environmental and social impacts, in addition to better and sustainable management and practices through relevant certifications. By committing to build a traceable, transparent and sustainable production, processing and manufacturing through certifications, the Group will sustain its position to better enhance its stakeholders' values.

As the Group acknowledges that certifications are important for implementation of recognised systems and adherence to relevant legal requirements and industry practices, the Group has in place a Sustainability Department which will oversee and responsible for the overall certification and sustainability activities of the Group. Outlined below are the obtained and planned certifications to date for each business units under the Group's Sustainability Department:

Business Units	Certification(s) Obtained	Certification Planned
Agriculture	<ul style="list-style-type: none"> Malaysian Sustainable Palm Oil ("MSPO") – all estates (since 2019) 	<ul style="list-style-type: none"> Roundtable Sustainable Palm Oil ("RSPO") – 100% certified expected by 2025
Industry	<ul style="list-style-type: none"> Makanan Selamat Tanggungjawab Industri ("MeSTI") Halal Certification Kosher Certification MSPO: Supply Chain Certification Standard ("MSPO SCCS") – Kernel Crushing Plant U.S. Food & Drug Administration ("U.S. FDA") – Chocolate Factory 	n/a
Export & Marketing	<ul style="list-style-type: none"> MSPO: Supply Chain Certification Standard ("MSPO SCCS") International Sustainability & Carbon Certification ("ISCC") 	n/a

Ethical Practices

The Group believes that the culture of ethical practices in the working environment contributes towards good relations with customers and suppliers, retaining talented and skilled employees, maintaining positive public perception of the Group, improving financial performance and in the long-run sustaining the overall stakeholders' value.

In upholding its position on ethical practices, the Group has adopted a zero-tolerance approach towards bribery and corruption in any form and is committed to behaving professionally, fairly, ethical and with integrity in all its 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 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.

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. More information are disclosed in para A2.4 under section on 'Corporate Governance Overview Statement' of the Annual Report.

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY: MANAGING SUSTAINABLE BUSINESS (CONTINUED)

Economic Performance (Continued)

Ethical Practices (Continued)

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>.

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

Water Management

Water resources is of utmost importance to the environment, human health and local wildlife. The Group's operation especially its estates relies heavily on water resources either for crop, human and wildlife consumptions. If poorly managed, it is vulnerable to depletion. Therefore, the Group strive to optimise the usage of water without jeopardising the environment.

In view of the importance for water to be appropriately managed, measures were carried out to utilize water effectively, reduction of water consumption, and identification of water pollution sources. During the period under review, the following measures have been put in place:

- Establishment of man-made cement tank at different points in the estate blocks to store rain water at the Group's oil palm estates;
- The fitting of workers' housing with water tanks to harvest and store rain water at the Group's oil palm estates;
- Stacking of oil palm fronds along the inter-row of oil palm trees to retain moisture at the Group's oil palm estates;
- Application of Empty Fruit Bunch (EFB) at the Group's oil palm estates as mulch to retain soil moisture;
- Maintenance of buffer zones and riparian reserves at the Group's oil palm estates to minimise soil run-off and act as a filter to minimize pollution to the waterways;
- Loading of crude palm kernel oil to sea vessel is done by using piping system instead of container tank (flexi-bag) delivery to minimize spillage into the water system during the loading process; and
- Regular maintenance of drainage and water pipe system in the Group's estates, kernel crushing plant, and chocolate factory.

Environmental Compliance

Irresponsible environmental use causes depletion of resources and disruption of operations. This confers on the Group a special obligation as the Group's nature of business specifically oil palm estates are operating at natural environment areas. For this reason, 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;

SUSTAINABILITY STATEMENT

ECONOMIC SUSTAINABILITY: MANAGING SUSTAINABLE BUSINESS (CONTINUED)

Environmental Sustainability: Environmental Stewardship (Continued)

Environmental Compliance (Continued)

Compliance is achieved through the following initiatives and measures:

- 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 domestic 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 through Environmental Policy;
- Prohibition of illegal hunting; and
- Implementation of No Deforestation, Peat & Exploitation (“NDPE”) policy.

In the FY2022 period, no reported material deviations were causing the risk of environmental effects.

SOCIAL SUSTAINABILITY: SOCIAL ACCOUNTABILITY

Occupational Safety & Health

Occupational safety and health are important to sustain the operations of the Group by reducing absences, turnover rate and down-time, ensuring that workplaces are more efficient and productive. Other than that, it is there to protect any visitors, customers, contractors and the general public when they are involved in our business.

The Group is committed to ensuring a safe and healthy workplace for all our employees, visitors, customers, contractors and the general public. 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 OSH Policy based on Occupational Safety and Health Act (“OSHA”) 1994, self-regulation (Safe Operating Procedure) based on Factories & Machinery Act (“FMA”) 1967 and other requirements relevant to safety and health compliance at the Group’s 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, audit and annual training;
- 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 OSHA and also to boost safety and health awareness.

We are pleased to report that in the FY2022 period, there were no fatalities reported.

ANALYSIS OF SHAREHOLDINGS

as at 21 April 2022

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	0.40	19	0.00
100 – 1,000	199	16.01	146,501	0.37
1,001 – 10,000	830	66.77	3,230,600	8.06
10,001 – 100,000	189	15.21	5,262,600	13.12
100,001 – 2,004,844 (less than 5% of issued shares)	19	1.53	7,480,200	18.65
≥ 2,004,845 (5% and above of issued shares)	1	0.08	23,976,982	59.80
TOTAL	1,243	100.00	40,096,902	100.00

SUBSTANTIAL SHAREHOLDERS

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

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

DIRECTORS' SHAREHOLDING IN THE COMPANY

Name of Directors	Direct Interest		Indirect Interest	
	No. of Holders	%	No. of Holders	%
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

as at 21 April 2022

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

Name of Directors	10% Cumulative Preference Shares			
	Direct Interest		Indirect Interest	
	No. of Holders	%	No. of Holders	%
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.	Yeoh Yew Choo	836,300	2.09
4.	Chor King Chun	829,500	2.07
5.	Tan Ah Lim	762,000	1.90
6.	Tan Jin Tuan	599,700	1.50
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Gim Leong	593,400	1.48
8.	Muhamad Aloysius Heng	341,300	0.85
9.	Kenanga Nominees (Tempatan) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd.	171,000	0.43
10.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chor King Chun	146,000	0.36
11.	Chong Thin Tuck	137,000	0.34
12.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Chee Sai Mun	136,700	0.34
13.	Ong Lam Huat	130,100	0.32
14.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Soon Mui Yen @ Soon Nyuk Hen	130,000	0.32
15.	UOBM Nominees (Asing) Sdn. Bhd. Providentia Wealth Management Ltd. For The Sipadan Trust	120,000	0.30

ANALYSIS OF SHAREHOLDINGS

as at 21 April 2022

LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS (CONTINUED)

No.	Name	No. of Shares	%
16.	Yeoh Lam Yet	119,800	0.30
17.	Tan Kim Huat & Sons Motor Sdn. Bhd.	110,000	0.27
18.	Adikin Wong Shyh Chyi	108,000	0.27
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ting Tie Hau	105,000	0.26
20.	Ng Chee Peng	103,200	0.26
21.	Gan Tiong Siew	100,000	0.25
22.	Hassan Bin Md Ali	100,000	0.25
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.	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An For Phillip Securities Pte. Ltd.	84,000	0.21
26.	Lee Ching Chik @ Lee See Kew	83,600	0.21
27.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Francis Kong @ Kong Fen Shin	70,000	0.17
28.	Yong Ai Ting	70,000	0.17
29.	Chong Nyet Wui	68,800	0.17
30.	Yu Chiew Yee	68,000	0.17
Total		32,301,582	80.56

LIST OF PROPERTIES

as at 31 January 2022

Item No.	Location	Tenure (Date of Expiry)	Land Area/ Build up Area sq.m	Existing use/ Description	Net Book Value As At 31-Jan-22	Age of Building	Tenure of Leasehold Land	Date of Acquisition
1	CL 105339053 Mile 2 ½, Tanjung Batu Laut, Tawau, Sabah.	Leasehold (08.10.2902)	19,627	Cocoa processing factory and office	1,067,781	44	880	1/10/1977
2	CL 105312703 Quion Hill, Apas Road, Tawau, Sabah.	Leasehold (28.02.2058)	4,028,645	Cocoa and oil palm estate	2,247,744	27	36	19/10/1978
3	CL 105339099 Brantian, Merotai Road, Tawau, Sabah.	Leasehold (31.12.2073)	400,234	Oil palm estate	22,555	–	51	11/6/1979
4	CL 105334996 Brantian, Merotai Road, Tawau, Sabah.	Leasehold (31.12.2072)	1,211,629	Oil palm estate	181,367	–	50	12/6/1979
5	CL 245316849 (105316848/old) Tingkayu, Lahad Datu/Tawau, Sabah.	Leasehold (31.12.2071)	1,216,485	Cocoa and oil palm estate	542,267	8	49	28/7/1979
6	CL 105436299 Quion Hill, Apas Road, Tawau, Sabah.	Leasehold (31.12.2079)	16,147	Cocoa and oil palm estate	13,523	–	57	13/9/1980
7	CL 105347493 Quion Hill, Apas Road, Tawau, Sabah.	Leasehold (31.12.2069)	81,261	Cocoa and oil palm estate	50,688	–	47	20/1/1981
8	CL 105354050 Balung, Apas Road, Tawau, Sabah.	Leasehold (31.12.2073)	653,567	Oil palm estate	36,162	–	51	13/8/1984
9	CL 105339071 Mile 2 ½, Tanjung Batu Laut, Tawau, Sabah.	Leasehold (08.10.2902)	33,710	Cocoa processing factory and office	5,670,732	27	880	9/11/1989
10	CL 105368607 Sebatik Island, Tawau, Sabah.	Leasehold (31.12.2078)	513,951	Oil palm estate	613,154	–	56	1/7/2006
11	CL 105311260 Merotai, Tawau, Sabah.	Leasehold (01.01.2068)	2,066,325	Fruits and oil palm estate	12,503,157	–	46	2/9/2020



FINANCIAL STATEMENTS

57	Directors' Report	66	Statements of Comprehensive Income	70	Company Statement of Changes in Equity
61	Statement by Directors	67	Consolidated Statements of Financial Position	71	Statements of Cash Flows
61	Statutory Declaration	68	Company Statements of Financial Position	73	Notes to the Financial Statements
62	Independent Auditors' Report	69	Consolidated Statement of Changes in Equity		



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 2022.

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	19,730,661	15,275,264
<hr/>		
Profit attributable to: Owners of the Company	19,730,661	15,275,264

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

At the forthcoming Annual General Meeting ("AGM"), a first and final single-tier dividend in respect of the financial year ended 31 January 2022, of RM0.03 per share, on 40,096,902 ordinary shares, amounting to RM1,202,907 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 January 2023.

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 26 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	619,974	302,731
Contributions to defined contribution plan	74,589	36,345
Social security contributions	2,301	1,421
Employment insurance scheme contributions	128	95
Fees	54,000	54,000
	<hr/> 750,992	<hr/> 394,592

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:

The Company	1.2.2021	Number of ordinary shares		31.1.2022
		Acquired	Sold	
Indirect interest:				
Datuk Hong Ngit Ming	25,978,182	–	–	25,978,182
		Number of 10% cumulative preference shares		
Holding company	1.2.2021	Acquired	Sold	31.1.2022
- HTG Holdings Sdn. Bhd.				
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 32 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.

DIRECTORS' REPORT

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, do not seek for reappointment.

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 20 May 2022.

Datuk Hong Ngit Ming

Hong Kun Yee

STATEMENT BY DIRECTORS

pursuant to the Section 251(2) of the Companies Act 2016

We, **Datuk Hong Ngit Ming** and **Hong Kun Yee**, 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 66 to 133 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 2022 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 20 May 2022.

Datuk Hong Ngit Ming

Hong Kun Yee

STATUTORY DECLARATION

pursuant to the 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 66 to 133 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 20 May 2022

Datuk Hong Ngit Ming

Before me,

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 2022 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 66 to 133.

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 2022, 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 2022, approximately 71% of revenue recognised by the Group were with related parties. Approximately 96% of these revenues or RM341,717,008 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.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad
(Incorporated in Malaysia)

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 26(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.

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad
(Incorporated in Malaysia)

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.

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

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

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

INDEPENDENT AUDITORS' REPORT

to the members of Teck Guan Perdana Berhad
(Incorporated in Malaysia)

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

Adeline Chan Su Lynn
03082/07/2023 J
Chartered Accountant

Tawau, Malaysia
20 May 2022

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 January 2022

	Note	Group		Company	
		2022 RM	2021 RM (restated)	2022 RM	2021 RM (restated)
Revenue	4	502,508,960	460,870,606	13,638,000	15,516,000
Cost of sales	5	(468,955,048)	(443,725,569)	(1,054,117)	(877,142)
Gross profit		33,553,912	17,145,037	12,583,883	14,638,858
Other item of income					
Other income	6	2,737,329	1,316,438	3,664,252	2,670,038
Other items of expense					
Administrative expenses		(5,452,466)	(4,843,993)	(162,992)	(190,011)
Other expenses		(3,708,116)	(922,415)	–	–
Finance costs	7	(2,299,977)	(1,893,398)	(518,753)	(1,023,053)
Profit before tax	8	24,830,682	10,801,669	15,566,390	16,095,832
Income tax expense	11	(5,100,021)	(2,802,920)	(291,126)	(210,089)
Profit net of tax		19,730,661	7,998,749	15,275,264	15,885,743
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		19,730,661	7,998,749	15,275,264	15,885,743
Profit attributable to:					
Owners of the Company		19,730,661	7,998,749	15,275,264	15,885,743
Total comprehensive income attributable to:					
Owners of the Company		19,730,661	7,998,749	15,275,264	15,885,743
Earnings per share attributable to owners of the Company (sen per share):					
Basic	12	49.21	19.95		

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 January 2022

	Note	2022 RM	Group 2021 RM (restated)	1 February 2020 RM (restated)
Assets				
Non-current assets				
Property, plant and equipment	13	49,483,058	51,062,421	40,364,305
Deferred tax assets	23	1,306,835	–	–
		50,789,893	51,062,421	40,364,305
Current assets				
Biological assets	15	457,753	294,459	275,461
Inventories	16	47,431,556	26,088,759	27,739,773
Trade and other receivables	17	80,160,907	7,663,972	41,433,032
Income tax refundable		–	569,835	689,027
Cash and bank balances	18	40,163,804	51,977,066	33,293,163
Derivatives	22	10,237	–	–
		168,224,257	86,594,091	103,430,456
Total assets		219,014,150	137,656,512	143,794,761
Equity and liabilities				
Current liabilities				
Loans and borrowings	19	61,786,148	39,173,418	62,511,654
Trade and other payables	21	54,017,408	13,107,354	13,039,659
Derivatives	22	–	866,423	10,100
Income tax payable		134,454	–	–
		115,938,010	53,147,195	75,561,413
Net current assets		52,286,247	33,446,896	27,869,043
Non-current liabilities				
Deferred tax liabilities	23	3,858,924	3,297,979	3,081,938
Loans and borrowings	19	20,633,941	22,358,724	14,297,545
		24,492,865	25,656,703	17,379,483
Total liabilities		140,430,875	78,803,898	92,940,896
Net assets		78,583,275	58,852,614	50,853,865
Equity attributable to owners of the Company				
Share capital	24	40,103,902	40,103,902	40,103,902
Retained earnings		38,479,373	18,748,712	10,749,963
Total equity		78,583,275	58,852,614	50,853,865
Total equity and liabilities		219,014,150	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 2022

	Note	2022 RM	Company 2021 RM (restated)	1 February 2020 RM (restated)
Assets				
Non-current assets				
Property, plant and equipment	13	6	6	6
Investments in subsidiaries	14	54,089,430	51,143,430	48,882,430
		54,089,436	51,143,436	48,882,436
Current assets				
Trade and other receivables	17	13,821,233	7,655,266	12,534,224
Cash and bank balances	18	129,856	159,303	204,080
		13,951,089	7,814,569	12,738,304
Total assets		68,040,525	58,958,005	61,620,740
Equity and liabilities				
Current liabilities				
Trade and other payables	21	4,707,574	10,788,972	29,520,541
Income tax payable		81,126	192,472	9,381
Total liabilities		4,788,700	10,981,444	29,529,922
Net current assets/(liabilities)		9,162,389	(3,166,875)	(16,791,618)
Net assets		63,251,825	47,976,561	32,090,818
Equity attributable to owners of the Company				
Share capital	24	40,103,902	40,103,902	40,103,902
Retained earnings/(accumulated losses)		23,147,923	7,872,659	(8,013,084)
Total equity		63,251,825	47,976,561	32,090,818
Total equity and liabilities		68,040,525	58,958,005	61,620,740

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2022

Group	← Attributable to owners of the Company →		
	Equity, total RM	Share capital (Note 24) RM	Retained earnings RM
At 1 February 2021			
- as previously reported	60,219,937	40,103,902	20,116,035
- prior year adjustment (Note 31)	(1,367,323)	-	(1,367,323)
Restated balance at 1 February 2021	58,852,614	40,103,902	18,748,712
Profit net of tax	19,730,661	-	19,730,661
Other comprehensive income	-	-	-
Total comprehensive income for the year	19,730,661	-	19,730,661
Closing balance at 31 January 2022	78,583,275	40,103,902	38,479,373
At 1 February 2020			
- as previously reported	52,233,093	40,103,902	12,129,191
- prior year adjustment (Note 31)	(1,379,228)	-	(1,379,228)
Restated balance at 1 February 2020	50,853,865	40,103,902	10,749,963
Profit net of tax	7,998,749	-	7,998,749
Other comprehensive income	-	-	-
Total comprehensive income for the year	7,998,749	-	7,998,749
Closing balance at 31 January 2021	58,852,614	40,103,902	18,748,712

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

COMPANY STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 January 2022

Company	Equity, total RM	Share capital (Note 24) RM	(Accumulated losses)/ retained earnings RM
At 1 February 2021			
- as previously reported	27,388,561	40,103,902	(12,715,341)
- prior year adjustment (Note 31)	20,588,000	-	20,588,000
Restated balance at 1 February 2021	47,976,561	40,103,902	7,872,659
Profit net of tax	15,275,264	-	15,275,264
Other comprehensive income	-	-	-
Total comprehensive income for the year	15,275,264	-	15,275,264
Closing balance at 31 January 2022	63,251,825	40,103,902	23,147,923
At 1 February 2020			
- as previously reported	13,272,818	40,103,902	(26,831,084)
- prior year adjustment (Note 31)	18,818,000	-	18,818,000
Restated balance at 1 February 2020	32,090,818	40,103,902	(8,013,084)
Profit net of tax	15,885,743	-	15,885,743
Other comprehensive income	-	-	-
Total comprehensive income for the year	15,885,743	-	15,885,743
Closing balance at 31 January 2021	47,976,561	40,103,902	7,872,659

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 January 2022

	Note	Group		Company	
		2022 RM	2021 RM (restated)	2022 RM	2021 RM (restated)
Operating activities					
Profit before tax		24,830,682	10,801,669	15,566,390	16,095,832
<u>Adjustments for:</u>					
Gain on disposal of property, plant and equipment	6	(1,508)	(19,998)	–	–
Depreciation of property, plant and equipment	8	3,749,905	3,393,759	–	–
Property, plant and equipment written off	8	834	–	–	–
Finance costs	7	2,299,977	1,893,398	518,753	1,023,053
Interest income	6	(295,165)	(375,374)	(718,252)	(398,238)
Inventories written down	8	70,788	–	–	–
Inventories written off	8	18,973	–	–	–
Prepayment written off	8	1,917,480	–	–	–
Net change in fair value on forward currency contracts	8	(1,760)	(18,577)	–	–
Net change in fair value on commodity future contracts		(874,900)	874,900	–	–
Net unrealised (gain)/loss on foreign exchange	8	(794,334)	205,976	–	–
Net fair value gain on biological assets, net	6,8	(163,294)	(18,998)	–	–
Reversal of impairment losses on investment in subsidiary	6,8	–	–	(2,946,000)	(2,261,000)
Total adjustments		5,926,996	5,935,086	(3,145,499)	(1,636,185)
Operating cash flows before changes in working capital					
		30,757,678	16,736,755	12,420,891	14,459,647
<u>Changes in working capital:</u>					
Inventories		(21,432,558)	1,651,014	–	–
Trade and other receivables		(74,161,097)	33,743,784	(6,165,967)	4,878,958
Trade and other payables		40,935,602	3,160	(6,081,398)	(18,731,569)
Total changes in working capital		(54,658,053)	35,397,958	(12,247,365)	(13,852,611)
Cash flows (used in)/from operations		(23,900,375)	52,134,713	173,526	607,036
Interest paid		(2,299,977)	(1,893,398)	(518,753)	(1,023,053)
Interest received		295,165	375,374	718,252	398,238
Income tax paid		(5,337,860)	(2,488,036)	(402,472)	(26,998)
Income tax refunded		196,238	20,349	–	–
Net cash flows (used in)/from operating activities		(31,046,809)	48,149,002	(29,447)	(44,777)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 January 2022

	Note	Group		Company	
		2022 RM	2021 RM (restated)	2022 RM	2021 RM (restated)
Investing activities					
Proceeds from disposal of property, plant and equipment		1,510	20,000	-	-
Purchase of property, plant and equipment	13	(2,171,378)	(14,097,732)	-	-
Net cash flows used in investing activities		(2,169,868)	(14,077,732)	-	-
Financing activities					
Drawdown of term loan		-	9,550,000	-	-
Drawdown of onshore foreign currency loan		73,131,777	198,573,355	-	-
Repayment of onshore foreign currency loan		(79,382,405)	(214,149,556)	-	-
Proceeds from bankers' acceptances		212,723,000	105,704,000	-	-
Repayment of bankers' acceptances		(184,560,000)	(113,591,000)	-	-
Payment of principal portion of lease liability		(1,488,821)	(1,415,794)	-	-
Net cash flows from/(used in) financing activities		20,423,551	(15,328,995)	-	-
Net (decrease)/increase in cash and cash equivalents		(12,793,126)	18,742,275	(29,447)	(44,777)
Effect of exchange rate changes on cash and cash equivalents		515,468	(110,310)	-	-
Cash and cash equivalents at beginning of year		51,558,097	32,926,132	159,303	204,080
Cash and cash equivalents at end of year	18	39,280,439	51,558,097	129,856	159,303

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 2022

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 2021, the Group and the Company adopted the following amended standards and interpretation mandatory for annual financial periods beginning on or after 1 February 2021.

Description	Effective for annual periods beginning or after
Amendments to MFRS 9, MFRS 139, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concession beyond 30 June 2021	1 April 2021

Amendments to MFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

The amendment applies to annual reporting periods beginning on or after 1 April 2021. Early application is permitted.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
Amendments to MFRS 3: 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 and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.7 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, plant and equipment (Continued)

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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

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.

2.10 Current versus non-current classification

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

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

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

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

The 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial instruments – initial recognition and subsequent measurement

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

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Financial assets (Continued)

Subsequent measurement (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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").

2.17 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	36 - 880 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Leases (Continued)

Group as a lessee (Continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income taxes (Continued)

(b) Deferred tax

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Income taxes (Continued)

(b) Deferred tax (Continued)

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.

(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 30, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.23 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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) Investment in subsidiaries

MFRS 136 Impairment of assets requires an entity to assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have increased. If such indication exists, the entity shall estimate the recoverable amount of that asset. The financial statements of the Company recorded investments in subsidiaries amounting to RM54,089,430 (2021: RM51,143,430). Included in the amount is an investment in Majulah Koko Tawau Sdn. Bhd. ("MKT") with carrying amount of RM24,025,002 (2021: RM21,079,002), on which impairment loss of RM25,068,655 (2021: RM28,014,655) was recognised.

The Company estimated the recoverable amount of the investment in MKT based on the higher of fair value less costs of disposal and value in use. The additional reversal of impairment losses was made based on fair value less costs to sell of the subsidiary's net assets.

Further details on investment in subsidiaries are disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

4. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:				
Types of goods or services				
Sale of crude palm kernel oil	292,857,198	145,659,093	–	–
Sale of palm oil related products	138,155,647	249,658,948	–	–
Sale of palm kernel expeller	34,240,914	25,610,195	–	–
Sale of plantation produce	12,196,990	7,510,935	–	–
Sale of cocoa products	12,823,590	12,814,954	–	–
Sale of dried cocoa beans	99	85	–	–
Freight income	12,234,522	19,616,396	–	–
Administrative fees from subsidiaries	–	–	756,000	756,000
	502,508,960	460,870,606	756,000	756,000
Other revenue				
Dividend income	–	–	12,882,000	14,760,000
	502,508,960	460,870,606	13,638,000	15,516,000
Timing of revenue recognition				
At a point in time	490,274,438	441,254,210	–	–
Over time	12,234,522	19,616,396	756,000	756,000
Total revenue from contracts with customers	502,508,960	460,870,606	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	
	2022 RM	2021 RM	2022 RM	2021 RM
Within one year	17,024,135	28,341,553	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

5. COST OF SALES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost of goods sold	468,955,048	443,725,569	–	–
Cost of services rendered	–	–	1,054,117	877,142
	468,955,048	443,725,569	1,054,117	877,142

6. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM (restated)
Interest income	295,165	375,374	718,252	398,238
Gain on disposal of property, plant and equipment	1,508	19,998	–	–
Rental income	254,808	179,100	–	–
Gain on foreign exchange:				
- realised	918,031	–	–	–
- unrealised	794,334	–	–	–
Fair value gain on biological assets, net	163,294	18,998	–	–
Unrealised fair value gain on forward currency contracts	10,237	8,477	–	–
Government grant	–	424,800	–	–
Reversal of impairment losses on investment in subsidiary	–	–	2,946,000	2,261,000
Miscellaneous	299,952	289,691	–	10,800
	2,737,329	1,316,438	3,664,252	2,670,038

7. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on:				
Bankers' acceptances	1,272,491	674,550	–	–
Onshore foreign currency loan	39,692	441,193	–	–
Amounts due to subsidiaries	–	–	518,753	1,023,053
Lease liabilities (Note 20)	677,419	750,446	–	–
Term loan	310,375	27,209	–	–
	2,299,977	1,893,398	518,753	1,023,053

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

8. PROFIT BEFORE TAX

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM (restated)
Employee benefits expense (Note 9)	6,353,440	6,273,924	965,273	747,488
Non-executive directors' remuneration (Note 10)	54,000	54,000	54,000	54,000
Auditors' remuneration:				
- Statutory audits:				
- current year	106,000	102,500	52,500	51,000
- under provision in respect of previous year	3,500	7,000	1,500	6,000
- Other services	16,563	15,200	7,050	6,600
Depreciation of property, plant, and equipment (Note 13)	3,749,905	3,393,759	-	-
Fair value gain on biological assets, net	(163,294)	(18,998)	-	-
Inventories written off	18,973	-	-	-
Inventories written down	70,788	-	-	-
Net (gain)/loss on foreign exchange:				
- realised	(918,031)	(49,636)	-	-
- unrealised	(794,334)	205,976	-	-
Net loss on commodity future contracts	1,719,850	766,075	-	-
Net change in fair value on forward currency contracts	(1,760)	(18,577)	-	-
Prepayment written off	1,917,480	-	-	-
Property, plant and equipment written off	834	-	-	-
Reversal of impairment losses on investment in subsidiary	-	-	(2,946,000)	(2,261,000)
Hire of equipment	92,455	92,082	7,980	8,190
Premises expenses	45,960	45,960	25,200	25,200

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, wages and allowances	5,821,979	5,788,775	870,282	711,618
Contributions to defined contribution plan	463,628	415,573	88,197	69,601
Social security contributions	63,110	64,974	6,279	5,808
Employment insurance scheme contributions	4,723	4,602	515	461
	6,353,440	6,273,924	965,273	747,488

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM696,992 (2021: RM376,661) and RM340,592 (2021: RM275,536) respectively as disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive:				
Salaries and other emoluments	573,576	334,137	279,444	244,500
Bonus	46,398	–	23,287	–
Contributions to defined contribution plan	74,589	40,474	36,345	29,520
Social security contributions	2,301	1,918	1,421	1,421
Employment insurance scheme contributions	128	132	95	95
Total executive directors' remuneration	696,992	376,661	340,592	275,536
Non-executive:				
Fees (Note 8)	54,000	54,000	54,000	54,000
	750,992	430,661	394,592	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 2022 and 2021 are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM (restated)
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	5,817,543	2,766,848	291,126	209,813
- Under/(over) provision in respect of previous year	28,368	(179,969)	–	276
	5,845,911	2,586,879	291,126	210,089
Deferred income tax (Note 23):				
- Origination and reversal of temporary differences	(745,890)	216,041	–	–
Income tax expense recognised in profit or loss	5,100,021	2,802,920	291,126	210,089

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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 2022 and 2021 are as follows:

	Group		Company	
	2022 RM	2021 RM (restated)	2022 RM	2021 RM (restated)
Accounting profit before tax	24,830,682	10,801,669	15,566,390	16,095,832
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	5,959,363	2,592,401	3,735,934	3,863,000
Adjustments:				
Non-deductible expenses	878,883	911,480	353,912	431,853
Income not subject to tax	(2,260)	(55,314)	(3,798,720)	(4,085,040)
Utilisation of previously unrecognised tax losses	(447,349)	(470,369)	–	–
Utilisation of previously unrecognised unabsorbed capital allowances	(133,016)	–	–	–
Deferred tax assets recognised on unutilised tax losses	(1,183,968)	–	–	–
Deferred tax assets not recognised on unabsorbed capital allowances	–	4,691	–	–
Under/(over) provision of current income tax in respect of previous year	28,368	(179,969)	–	276
Income tax expense recognised in profit or loss	5,100,021	2,802,920	291,126	210,089

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	
	2022 RM	2021 RM (restated)
Unutilised tax losses - Malaysian	29,978,328	31,842,282
Unabsorbed capital allowances	9,861,586	10,415,819

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

11. INCOME TAX EXPENSE (CONTINUED)

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:

	2022 RM	Group 2021 RM
Unutilised tax losses to be carried forward until:		
- Year of assessment 2028	29,885,101	31,749,055
- Year of assessment 2029	93,227	93,227
	29,978,328	31,842,282

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 2022 and 2021:

	2022	Group 2021 (restated)
Profit net of tax, attributable to owners of the Company (RM)	19,730,661	7,998,749
Weighted average number of ordinary shares in issue	40,096,902	40,096,902
Basic earnings per share (sen)	49.21	19.95

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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 2021	53,634,505	8,162,885	2,809,092	46,919,612	2,255,063	175,360	113,956,517
Additions	1,755,695	350,506	8,000	9,794	25,503	21,880	2,171,378
Disposals	-	-	(19,500)	-	-	-	(19,500)
Written off	-	-	(50,000)	-	-	-	(50,000)
At 31 January 2022	55,390,200	8,513,391	2,747,592	46,929,406	2,280,566	197,240	116,058,395
Accumulated depreciation and accumulated impairment:							
At 1 February 2021	12,805,983	4,570,077	2,529,281	41,463,467	1,525,288	-	62,894,096
Depreciation charge for the year (Note 8)	2,593,928	338,211	92,027	618,736	107,003	-	3,749,905
Disposals	-	-	(19,498)	-	-	-	(19,498)
Written off	-	-	(49,166)	-	-	-	(49,166)
At 31 January 2022	15,399,911	4,908,288	2,552,644	42,082,203	1,632,291	-	66,575,337
Net carrying amount:							
At 31 January 2022	39,990,289	3,605,103	194,948	4,847,203	648,275	197,240	49,483,058

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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 infrastructure RM	Other infrastructure RM	Total RM
Cost:						
At 1 February 2021	3,978,479	12,444,387	9,804,081	26,941,743	465,815	53,634,505
Additions	–	–	1,755,695	–	–	1,755,695
At 31 January 2022	3,978,479	12,444,387	11,559,776	26,941,743	465,815	55,390,200
Accumulated depreciation and accumulated impairment:						
At 1 February 2021	258,971	24,594	4,366,234	8,063,600	92,584	12,805,983
Depreciation charge for the year (Note 8)	14,086	264,786	293,788	2,011,952	9,316	2,593,928
At 31 January 2022	273,057	289,380	4,660,022	10,075,552	101,900	15,399,911
Net carrying amount:						
At 31 January 2022	3,705,422	12,155,007	6,899,754	16,866,191	363,915	39,990,289

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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 infrastructure 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	244,885	2,419	4,161,692	6,126,280	83,268	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	258,971	24,594	4,366,234	8,063,600	92,584	12,805,983
Net carrying amount:						
At 31 January 2021	3,719,508	12,419,793	5,437,847	18,878,143	373,231	40,828,522

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Equipment, furniture and fixtures RM
Cost:	
At 1 February 2020, 31 January 2021, 1 February 2021 and 31 January 2022	16,258
Accumulated depreciation:	
At 1 February 2020, 31 January 2021, 1 February 2021 and 31 January 2022	16,252
Net carrying amount:	
At 1 February 2020, 31 January 2021, 1 February 2021 and 31 January 2022	6

- (a) 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).
- (b) Short-term leasehold land of the Group with net carrying amount of RM12,152,651 (2021: RM12,417,318) is pledged as security for borrowing as disclosed in Note 19.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM (restated)
Unquoted shares, at cost	37,563,852	37,563,852
Capital contribution	41,594,233	41,594,233
Less: Accumulated impairment losses	(25,068,655)	(28,014,655)
	54,089,430	51,143,430
<hr/>		
Accumulated impairment losses		
At 1 February	28,014,655	30,275,655
Reversal of impairment losses	(2,946,000)	(2,261,000)
	25,068,655	28,014,655

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

The Company recorded a reversal of impairment on the investments in Majulah Koko Tawau Sdn Bhd of RM2,946,000 (2021: RM2,261,000) based on its recoverable amount, determined based on fair value less costs to sell of the subsidiary's net assets.

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

Name of subsidiaries	Proportion of ownership interest held by the Group *		Principal activities
	2022	2021	
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 2020	275,461	
Transfer to produce stock	(275,461)	
Fair value	294,459	
At 31 January 2021	294,459	
Transfer to produce stock	(294,459)	
Fair value	457,753	
At 31 January 2022	457,753	
	2022	2021
	MT	MT
Production for the year	14,429	14,976

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

15. BIOLOGICAL ASSETS (CONTINUED)

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

	2022 RM	Group 2021 RM
Cost		
Finished goods	32,062,647	19,445,767
Raw materials	8,266,417	2,848,058
Trading goods	6,085,447	2,603,049
Stores and supplies	1,017,045	1,191,885
	47,431,556	26,088,759

During the financial year, inventories recognised as an expense in cost of sales of the Group was RM318,513,417 (2021: RM176,444,873).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

17. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	9,862,901	2,424,936	–	–
Amounts due from related companies	67,328,132	1,420,946	–	–
	77,191,033	3,845,882	–	–
Other receivables				
Amounts due from related parties:				
Subsidiaries	–	–	13,801,006	7,635,883
Related companies	82,903	378,242	–	–
	82,903	378,242	13,801,006	7,635,883
Deposits	1,693,399	1,205,229	1,050	1,050
Prepayments	434,923	1,797,761	18,334	18,333
Sundry receivables	758,649	436,858	843	–
	2,969,874	3,818,090	13,821,233	7,655,266

(a) Trade receivables

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total trade and other receivables	80,160,907	7,663,972	13,821,233	7,655,266
Add: Cash and bank balances (Note 18)	40,163,804	51,977,066	129,856	159,303
Less: Prepayments	(434,923)	(1,797,761)	(18,334)	(18,333)
Total financial assets carried at amortised cost	119,889,788	57,843,277	13,932,755	7,796,236

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 28.

Trade receivables are generally on 30 to 60 days (2021: 30 to 60 days) terms. Trade receivables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (Continued)

Ageing analysis of trade receivables

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

	2022 RM	Group 2021 RM
Neither past due nor impaired	76,250,447	3,739,018
1 to 30 days past due not impaired	233,990	106,864
31 to 60 days past due not impaired	37,033	-
61 to 90 days past due not impaired	36,696	-
91 to 120 days past due not impaired	421,899	-
More than 121 days past due not impaired	210,968	-
	940,586	106,864
	77,191,033	3,845,882

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 RM940,586 (2021: RM106,864) 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% (2021: 3.79% to 4.79%) per annum and are repayable upon demand.

(d) Sundry receivables

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

18. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash at banks and on hand	16,093,456	11,677,931	129,856	159,303
Short-term deposits with licensed banks	24,070,348	40,299,135	–	–
	40,163,804	51,977,066	129,856	159,303

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Licensed banks	1.21	1.39	1.15	–

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 9 days (2021: 1 day and 5 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	40,163,804	51,977,066	129,856	159,303
Less: Bank overdrafts (Note 19)	(883,365)	(418,969)	–	–
Cash and cash equivalents	39,280,439	51,558,097	129,856	159,303

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

19. LOANS AND BORROWINGS

	Maturity	2022 RM	Group 2021 RM
Current			
Secured:			
Bankers' acceptances	On demand	59,178,000	31,015,000
Onshore foreign currency loan	On demand	–	6,250,628
Lease liabilities	2022	1,565,616	1,488,821
Term loan	2022	159,167	–
		60,902,783	38,754,449
Unsecured:			
Bank overdrafts		883,365	418,969
		61,786,148	39,173,418
Non-current:			
Secured:			
Lease liabilities	2023-2029	11,243,108	12,808,724
Term loan	2023-2026	9,390,833	9,550,000
		20,633,941	22,358,724
Total loans and borrowings			
Bank overdrafts (Note 18)		883,365	418,969
Bankers' acceptances		59,178,000	31,015,000
Onshore foreign currency loan		–	6,250,628
Lease liabilities		12,808,724	14,297,545
Term loan		9,550,000	9,550,000
		82,420,089	61,532,142

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

	2022 RM	Group 2021 RM
On demand or within one year	61,786,148	39,173,418
Later than 1 year but not later than 2 years	3,556,375	1,724,783
Later than 2 years but not later than 5 years	11,196,399	10,928,269
More than 5 years	5,881,167	9,705,672

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

19. LOANS AND BORROWINGS (CONTINUED)

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

	Group	
	2022	2021
	%	%
Bank overdrafts	6.04	6.04
Bankers' acceptances	2.13	2.22
Onshore foreign currency loan	–	1.05
Lease liabilities	5.04	5.04
Term loan	3.25	3.25

Bankers' acceptances and onshore foreign currency loan are secured by corporate guarantees provided by the Company. Term loan is secured by first party legal charge over one parcel of land belonging to the subsidiary of the Company and corporate guarantee 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 2021	31,015,000	6,250,628	14,297,545	9,550,000	61,113,173
Accretion of interest (Note 20)	–	–	677,419	–	677,419
Drawdown	212,723,000	73,131,777	–	–	285,854,777
Repayment	(184,560,000)	(79,382,405)	(2,166,240)	–	(266,108,645)
At 31 January 2022	59,178,000	–	12,808,724	9,550,000	81,536,724
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

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 2020	3,978,479	5,013	17,059,687	21,043,179
Addition	–	12,439,374	–	12,439,374
At 1 February 2021 and 31 January 2022	3,978,479	12,444,387	17,059,687	33,482,553
Accumulated depreciation				
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 1 February 2021	275,552	24,594	3,411,938	3,712,084
Depreciation charge for the year	14,086	264,786	1,705,969	1,984,841
At 31 January 2022	289,638	289,380	5,117,907	5,696,925
Net carrying amount				
At 31 January 2021	3,702,927	12,419,793	13,647,749	29,770,469
At 31 January 2022	3,688,841	12,155,007	11,941,780	27,785,628

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

20. LEASES (CONTINUED)

Group as a lessee (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 28(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	
	2022	2021
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

	2022 RM	2021 RM
Depreciation expenses of right-of-use assets	1,984,841	1,742,230
Interest expense on lease liabilities (Note 7)	677,419	750,446
Rental expenses relating to short-term leases	45,960	45,960
Total amount recognised in profit or loss	2,708,220	2,538,636

The Group had total cash outflows for leases of RM2,212,200 (2021: RM2,212,200) during the financial year.

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:

	2022 RM	2021 RM
Not later than 1 year	172,900	48,000
Later than 1 year but not later than 5 years	198,900	2,500
	371,800	50,500

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Amounts due to related companies	37,985,408	6,792,217	–	–
Third parties	10,559,700	3,952,808	–	–
	48,545,108	10,745,025	–	–
Other payables				
Amounts due to related parties:				
Subsidiaries	–	–	4,626,990	10,631,416
Related companies	463,523	592,063	7,934	8,026
	463,523	592,063	4,634,924	10,639,442
Accruals	472,763	1,041,577	70,000	149,530
Advances	3,663,151	10,500	–	–
Deposits	600	73,154	–	–
Sundry payables	872,263	645,035	2,650	–
	5,472,300	2,362,329	4,707,574	10,788,972
Total trade and other payables	54,017,408	13,107,354	4,707,574	10,788,972
Add: Loans and borrowings (Note 19)	82,420,089	61,532,142	–	–
Total financial liabilities carried at amortised cost	136,437,497	74,639,496	4,707,574	10,788,972

(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 (2021: 30 to 60 days).

(b) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, bear interest at the rates 3.79% (2021: 3.79% to 4.79%) 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

22. DERIVATIVES

	2022		2021	
	Contract/ notional amount RM	Asset RM	Contract/ notional amount RM	Asset/ (liabilities) RM
Group				
Non-hedging derivatives:				
Forward currency contracts	3,435,746	10,237	1,403,488	8,477
Commodity futures contracts:				
- Assets	-	-	12,200,550	502,325
- Liabilities	-	-	19,562,775	(1,377,225)
	-	-	31,763,325	(874,900)
	3,435,746	10,237	33,166,813	(866,423)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

23. DEFERRED TAX LIABILITIES/(ASSETS)

	As at 1 February 2020	Recognised in profit or loss (Note 11)	As at 31 January 2021	Recognised in profit or loss (Note 11)	As at 31 January 2022
	RM (restated)	RM	RM (restated)	RM	RM
Group					
Deferred tax liabilities:					
Property, plant and equipment	3,174,771	83,112	3,257,883	519,640	3,777,523
Biological assets	66,111	4,559	70,670	39,190	109,860
	3,240,882	87,671	3,328,553	558,830	3,887,383
Deferred tax assets:					
Unutilised tax losses	–	–	–	(1,183,968)	(1,183,968)
Unabsorbed capital allowances	(158,944)	128,370	(30,574)	(120,752)	(151,326)
	(158,944)	128,370	(30,574)	(1,304,720)	(1,335,294)
	3,081,938	216,041	3,297,979	(745,890)	2,552,089

Presented after appropriate offsetting as follows:

	Group		Company	
	2022 RM	2021 RM (restated)	2022 RM	2021 RM
Deferred tax assets	(1,306,835)	–	–	–
Deferred tax liabilities	3,858,924	3,297,979	–	–
	2,552,089	3,297,979	–	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

23. DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

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

	2022 RM	Group 2021 RM (restated)
Unutilised tax losses	25,045,128	31,842,282
Unabsorbed capital allowances	9,861,586	10,415,819
Other deductible temporary differences	264,417	264,417
	<hr/> 35,171,131	<hr/> 42,522,518
Unrecognised deferred tax benefits at 24%	8,441,071	10,205,404

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	
	2022	2021	2022	2021
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. CAPITAL COMMITMENTS

Group

	2022 RM	2021 RM
Property, plant and equipment: Approved and contracted for	8,950,500	–

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

26. 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	2022 RM	2021 RM
Group			
<u>With subsidiaries of the holding company</u>			
Sale of crude palm kernel oil to:			
Teck Guan (China) Ltd.	(ii)	299,589,131	152,060,846
Sale of palm kernel expeller to:			
Sudutjasa Sdn. Bhd.	(ii)	235,378	115,780
Wawasan Megaprima Sdn. Bhd.	(ii)	227,371	120,000
Sale of oil palm fresh fruit bunches to:			
Sungai Burung Industries Sdn. Bhd.	(ii)	5,981,100	3,714,037
Tri Grow Sdn. Bhd.	(ii)	231,937	205,750
Konsep Muktamad Sdn. Bhd.	(ii)	2,495,523	1,497,338
Prosperous Sebatik Sdn. Bhd.	(ii)	974,430	460,944
Utas Sutera Sdn. Bhd.	(ii)	118,459	68,805
Sale of palm oil related products to:			
Teck Guan (China) Ltd.	(ii)	42,127,877	–
Sale of cocoa powder to:			
Teck Guan Trading Sdn. Bhd.	(ii)	513,978	524,191
Sale of chocolate products to:			
Teck Guan Trading Sdn. Bhd.	(ii)	1,986,218	1,504,757
Sale of cocoa beans to:			
Teck Guan Trading Sdn. Bhd.	(ii)	–	10
Hotel Emas Sdn. Bhd.	(ii)	99	–
Sale of fruits to:			
Hotel Emas Sdn. Bhd.	(ii)	68,346	120,432
Sales of property, plant and equipment to:			
Evergreen Intermerge Sdn. Bhd.	(ii)	–	6,000
Wise Mission Sdn. Bhd.	(ii)	1,000	–
Rental income charged to:			
Teck Guan Sdn. Bhd.	(ii)	18,000	18,000
Atlantica Sdn. Bhd.	(ii)	12,000	12,000
Brantian Palm Oil Sdn. Bhd.	(ii)	12,000	12,000
Sungai Burung Industries Sdn. Bhd.	(ii)	12,000	12,000
Konsep Muktamad Sdn. Bhd.	(ii)	101,400	101,400
Prosperous Sebatik Sdn. Bhd.	(ii)	15,000	15,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Group	Note	2022 RM	2021 RM
<u>With subsidiaries of the holding company (Continued)</u>			
Electricity charges charged to:			
Teck Guan Industries Sdn. Bhd.	(ii)	2,400	3,096
Brantian Palm Oil Sdn. Bhd.	(ii)	18,323	11,011
Teck Guan Trading Sdn. Bhd.	(ii)	806	12,181
Hiring of vehicle and transport charges charged to:			
Stellar Energy Sdn. Bhd.	(ii)	127,363	127,204
Konsep Muktamad Sdn. Bhd.	(ii)	705	2,011
Ladang Subur Sdn. Bhd.	(ii)	27,142	40,029
Sudutjasa Sdn. Bhd.	(ii)	48,377	48,628
Semporna Estate Sdn. Bhd.	(ii)	–	382
Weighbridge rental charged to:			
Prosperous Sebatik Sdn. Bhd.	(ii)	14,544	1,953
Purchase of palm kernel from:			
Atlantica Sdn. Bhd.	(iii)	26,177,350	11,497,872
Brantian Palm Oil Sdn. Bhd.	(iii)	15,325,197	6,679,214
Konsep Muktamad Sdn. Bhd.	(iii)	15,280,855	9,994,624
Prosperous Sebatik Sdn. Bhd.	(iii)	14,999,959	8,845,860
Sungai Burung Industries Sdn. Bhd.	(iii)	29,120,489	15,612,665
Teck Guan Plantations Sdn. Bhd.	(iii)	17,523,021	5,146,896
Purchase of fresh fruit bunches from:			
Stellar Energy Sdn. Bhd.	(iii)	160,359	109,492
Purchase of palm oil related products from:			
Brantian Palm Oil Sdn. Bhd.	(iii)	3,265,288	–
Konsep Muktamad Sdn. Bhd.	(iii)	3,870,992	783,217
Prosperous Sebatik Sdn. Bhd.	(iii)	–	3,504,257
Sungai Burung Industries Sdn. Bhd.	(iii)	6,277,608	1,101,618
Teck Guan Plantations Sdn. Bhd.	(iii)	3,937,510	1,173,848

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Group	Note	2022 RM	2021 RM
<u>With subsidiaries of the holding company (Continued)</u>			
Purchase of goods from:			
Teck Guan Trading Sdn. Bhd. (chemical and fertilizer)	(iii)	369,589	105,384
Teck Guan Sdn. Bhd. (diesel and lubricant)	(iii)	264,321	229,896
Bio-Resources Sdn. Bhd. (fuel and oil)	(iii)	–	2,120
Khas Culture Sdn. Bhd. (fuel and oil)	(iii)	290	444
Syarikat Padi Sawa Sdn. Bhd. (fuel and oil and maintenance)	(iii)	12,573	8,028
Stellar Energy Sdn. Bhd. (labour and estate store consumables)	(iii)	9,042	6,052
Prosperous Sebatik Sdn. Bhd. (fertilizer and chemical)	(iii)	117,165	108,745
Bestbricks (Sabah) Sdn. Bhd. (fertilizer)	(iii)	2,067	–
Teck Guan Fertilizers Sdn. Bhd. (fertilizer)	(iii)	1,475,913	1,000,697
Teck Guan Steel Sdn. Bhd. (steel products)	(iii)	3,150	429
Stellar Energy Sdn. Bhd. (wet cocoa beans)	(iii)	3,659	2,130
Teck Guan Industries Sdn. Bhd. (fertilizer)	(iii)	70,392	48,341
Sungai Burung Industries Sdn. Bhd. (store and supplies)	(iii)	13,500	588
Hotel Emas Sdn. Bhd. (food and beverage)	(iii)	16,234	15,547
Purchase of property, plant and equipment from:			
Teck Guan Development Sdn. Bhd.	(iii)	–	381,260
Melur Beribu Sdn. Bhd.	(iii)	8,000	–
Electricity, water and utilities charges charged by:			
Jolly Land Sdn. Bhd.	(iii)	46,920	46,920
Evergreen Intermerge Sdn. Bhd.	(iii)	103,772	58,302
Konsep Muktamad Sdn. Bhd.	(iii)	31,216	16,544
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)	90,730	92,082
Insurance expense charged by:			
Utas Sutera Sdn. Bhd.	(iii)	99,778	105,438
Teck Guan Sdn. Bhd.	(iii)	185,455	507,027
TG.Com Sdn. Bhd.	(iii)	2,996	397
Teck Guan Holdings Sdn. Bhd.	(iii)	971	968
Plantation administrative fee charged by:			
Prosperous Sebatik Sdn. Bhd.	(iii)	36,000	36,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	2022 RM	2021 RM
Group			
<u>With subsidiaries of the holding company (Continued)</u>			
Miscellaneous expenses charged by:			
Hoko Sdn. Bhd. (printing and hiring of camera)	(iii)	4,704	4,476
Teck Guan Trading Sdn. Bhd. (transport fee and hiring of vehicles)	(iii)	37,557	54,380
Wise Mission Sdn. Bhd. (hiring of vehicles)	(iii)	40,179	24,962
Teck Guan Plantations Sdn. Bhd. (printing and office supplies)	(iii)	38,030	35,947
Teck Guan Development Sdn. Bhd. (hiring of vehicles)	(iii)	–	19
Go Borneo Tours & Travel Sdn. Bhd. (sanitisation work)	(iii)	4,136	–
Company			
<u>With subsidiaries of the Company</u>			
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.		7,052,000	14,760,000
Cacao Paramount Sdn. Bhd.		5,830,000	–
Interest income charged to:			
Cacao Paramount Sdn. Bhd.	(i)	713,779	390,397
Interest expense charged by:			
Tawau Cocoa Estate Sdn. Bhd.	(i)	323,652	856,060
Majulah Koko Tawau Sdn. Bhd.	(i)	195,101	166,993

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 2022 is disclosed in Note 17 and Note 21.

(b) Compensation of key management personnel

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Short-term employee benefits	767,296	481,080	449,140	390,909
Post-employment benefits:				
Defined contribution plan	80,397	46,282	42,153	35,328
	847,693	527,362	491,293	426,237

Included in compensation of key management personnel is directors' remuneration amounting to RM750,992 (2021: RM430,661) and RM394,592 (2021: RM329,536) of the Group and the Company respectively as disclosed in Note 10.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

27. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value hierarchy (Continued)

Fair value measurement hierarchy as at 31 January 2022 and 31 January 2021 were as follows:

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Assets				
Biological assets	–	–	457,753	457,753
Derivatives				
- Forward currency contracts	–	10,237	–	10,237
<hr/>				
2021				
Assets/(liabilities)				
Biological assets	–	–	294,459	294,459
Derivatives				
- Forward currency contracts	–	8,477	–	8,477
- Commodity futures contracts	–	(874,900)	–	(874,900)
<hr/>				

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

27. 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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

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

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

(ii) Amounts due from subsidiaries

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

- The subsidiary is unlikely to repay its outstanding balances to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

(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 (2021: RM210,350,000) 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.

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:

	2022		Group		2021	
	RM	% of total	RM	% of total	RM	% of total
By country:						
Peoples' Republic of China	65,237,087	84	333,584	9		
Singapore	5,851,329	7	1,019,664	27		
Malaysia	2,320,369	3	1,521,813	39		
Korea	–	–	167,237	4		
India	125,598	1	148,654	4		
Iran	–	–	13,949	–		
Pakistan	3,656,650	5	640,981	17		
	77,191,033	100	3,845,882	100		

In 2022, the Group has a significant concentration of credit risk in the form of amount due from three customers representing 93% of total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Financial assets that are neither past due nor impaired

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

(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 2022				
Financial liabilities:				
Trade and other payables	54,017,408	–	–	54,017,408
Loans and borrowings (exclude lease liabilities)	60,220,532	5,889,179	3,501,654	69,611,365
Lease liabilities (Note 20)	2,166,240	8,664,960	4,332,480	15,163,680
Total undiscounted financial liabilities	116,404,180	14,554,139	7,834,134	138,792,453
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	8,664,960	6,498,720	17,329,920
Total undiscounted financial liabilities	52,958,191	14,554,139	10,159,541	77,671,871

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

28. 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 2022				
Financial liabilities:				
Trade and other payables	4,707,574	–	–	4,707,574
Total undiscounted financial liabilities	4,707,574	–	–	4,707,574
Financial guarantee contracts	210,350,000	–	–	210,350,000
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

(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 (2021: 25 points) lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM124,209 (2021: RM116,159) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, and lower/higher interest income and expense on floating rates loan to or from related parties. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

28. 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 97% (2021: 95%) of the Group's sales are denominated in foreign currencies and 76% (2021: 49%) of cost of sales are denominated in RM. 97% (2021: 61%) of the Group's trade receivables as at reporting date are denominated in foreign currencies.

The Group has also held cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD) amounted to RM15,569,076 (2021: RM10,416,271) 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	
	2022 RM	2021 RM
RM/USD - strengthened 5%	4,410,200	427,528
- weakened 5%	(4,410,200)	(427,528)

(e) Market price risk

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

29. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions, business strategies and future commitments on a continuous basis. To achieve this objective, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 January 2022 and 31 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

29. CAPITAL MANAGEMENT (CONTINUED)

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

	Note	Group		Company	
		2022 RM	2021 RM (restated)	2022 RM	2021 RM (restated)
Loans and borrowings	19	82,420,089	61,532,142	–	–
Trade and other payables	21	54,017,408	13,107,354	4,707,574	10,788,972
Less: Cash and bank balances	18	(40,163,804)	(51,977,066)	(129,856)	(159,303)
Net debt		96,273,693	22,662,430	4,577,718	10,629,669
Equity attributable to owners of the Company		78,583,275	58,852,614	63,251,825	47,976,561
Total capital		78,583,275	58,852,614	63,251,825	47,976,561
Capital and net debt		174,856,968	81,515,044	67,829,543	58,506,230
Gearing ratio		55%	28%	7%	18%

30. SEGMENT INFORMATION

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

- (i) Cocoa products segment – manufacturing and sale of cocoa products and trading and sale of dried cocoa beans;
- (ii) Oil palm products segment – Operation of oil palm plantations, operation of kernel crushing plant; and
- (iii) Corporate segment – Group-level corporate service and treasury functions.

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

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

For the year ended 31 January 2022, revenue derived from sale of crude palm kernel oil to Teck Guan (China) Ltd. amounted to RM299,589,131 (2021: RM 152,060,846) representing 60% (2021: 33%) of total sales of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

30. SEGMENT INFORMATION (CONTINUED)

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

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

	Cocoa products		Oil palm products		Corporate		Adjustments and elimination		Per consolidated financial statements	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Revenue:										
External customers	13,642,361	13,453,382	488,866,599	447,417,224	-	-	-	-	502,508,960	460,870,606
Inter-segment	200	150	-	-	-	-	(200)	(150)	-	-
	13,642,561	13,453,532	488,866,599	447,417,224	-	-	(200)	(150)	502,508,960	460,870,606
Results:										
Interest income	241,785	242,025	567,660	1,148,561	718,252	398,238	(1,232,532)	(1,413,450)	295,165	375,374
Finance costs	-	-	(3,013,756)	(2,283,795)	(518,753)	(1,023,053)	1,232,532	1,413,450	(2,299,977)	(1,893,398)
Depreciation	175,920	184,321	3,573,985	3,209,438	-	-	-	-	3,749,905	3,393,759
Segment profit/(loss)	1,749,768	1,626,414	24,293,548	10,223,767	(1,212,634)	(1,048,512)	-	-	24,830,682	10,801,669
Assets:										
Additions to non-current assets	48,046	99,260	2,123,332	13,998,472	-	-	-	-	2,171,378	14,097,732
Segment assets	18,584,054	17,486,831	198,973,172	119,421,154	150,089	178,692	1,306,835	569,835	219,014,150	137,656,512
Liabilities:										
Segment liabilities	132,287	330,404	135,763,275	74,544,671	541,937	630,844	3,993,376	3,297,979	140,430,875	78,803,898

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

30. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenues are eliminated on consolidation.

B Timing of revenue recognition:

	2022		2021	
	Cocoa products RM	Oil palm products RM	Cocoa products RM	Oil palm products RM
At a point in time	12,823,689	477,450,749	12,815,039	428,439,171
Over time	818,672	11,415,850	638,343	18,978,053
	13,642,361	488,866,599	13,453,382	447,417,224

C Additions of non-current assets consist of:

	Note	2022 RM	2021 RM
Property, plant and equipment	13	2,171,378	14,097,732

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

	Note	2022 RM	2021 RM
Deferred tax assets	23	1,306,835	–
Income tax refundable		–	569,835

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

	Note	2022 RM	2021 RM (restated)
Income tax payable		134,452	–
Deferred tax liabilities	23	3,858,924	3,297,979
		3,993,376	3,297,979

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

31. PRIOR YEAR ADJUSTMENTS

- (a) In prior year, the financial statements of the Company recorded investment in Majulah Koko Tawau Sdn. Bhd. ("MKT") with carrying amount of RM2, on which impairment losses of RM49,093,655 was recognised because the subsidiary had been persistently making losses. In current year, the Company has reassessed the recoverable amount in MKT as at 1 February 2020 based on the higher of fair value less costs of disposal and value in use and the impairment losses was overstated.

The effects of the above prior year adjustment to the financial statements of the Company are summarised below:

	As previously reported RM	Adjustments RM	As restated RM
<u>Statements of financial position:</u>			
As at 1 February 2020:			
Assets			
Investment in subsidiaries	30,064,430	18,818,000	48,882,430
Equity			
(Accumulated losses)/retained earnings	(26,831,084)	18,818,000	(8,013,084)
<hr/>			
As at 31 January 2021:			
Assets			
Investment in subsidiaries	30,555,430	20,588,000	51,143,430
Equity			
(Accumulated losses)/retained earnings	(12,715,341)	20,588,000	7,872,659
<hr/>			
<u>Statements of comprehensive income:</u>			
As at 31 January 2021:			
Other income	900,038	1,770,000	2,670,038
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

31. PRIOR YEAR ADJUSTMENTS (CONTINUED)

- (b) In prior year, Cacao Paramount Sdn. Bhd., one of the subsidiaries of the Company had over recognised the deferred tax assets on unabsorbed capital allowances which arose from idle business. The effects of the above prior year adjustment to the financial statements of the Group are summarised below:

	As previously reported RM	Adjustments RM	As restated RM
<u>Consolidated statements of financial position:</u>			
As at 1 February 2020:			
Liabilities			
Deferred tax liabilities	1,702,710	1,379,228	3,081,398
Equity			
Retained earnings	12,129,191	(1,379,228)	10,749,963
<hr/>			
As at 31 January 2021:			
Liabilities			
Deferred tax liabilities	1,930,656	1,367,323	3,297,979
Equity			
Retained earnings	20,116,035	(1,367,323)	18,748,712
<hr/>			
<u>Consolidate statements of comprehensive income:</u>			
As at 31 January 2021:			
Income tax expense	2,814,825	(11,905)	2,802,920
<hr/>			

32. 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 Company 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 Company are uncertain. The financial impact going forward for the Company will depend on evolving changes in government policy and business and customer reactions.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 January 2022

33. DIVIDEND

At the forthcoming Annual General Meeting (“AGM”), a first and final single-tier dividend in respect of the financial year ended 31 January 2022, of RM0.03 per share, on 40,096,902 ordinary shares, amounting to RM1,202,907 will be proposed for shareholders’ approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders’ equity as an appropriation of retained earnings in the financial year ending 31 January 2023.

34. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 January 2022 were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 20 May 2022.

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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 PROXYI/We _____
(Please use block letters)of _____
(Full address)

being a member/members of TECK GUAN PERDANA BERHAD hereby appoint _____

email address _____ contact no. _____

or failing him/her _____

email address _____ contact no. _____

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Eighth Annual General Meeting of the Company, to be conducted on a fully virtual basis through the online meeting platform provided by Convene Malaysia Sdn. Bhd. (Registration No. 201601013112 / 1184043-M) at <https://conveneagm.my/teckguanagm2022> (MYNIC Domain Registration Number D6A475992) on Tuesday, 28 June 2022 at 9.00 a.m. and at any adjournment thereof.

		For	Against
Resolution 1	To approve a first and final single-tier dividend of 3.0 sen per ordinary share for the financial year ended 31 January 2022.		
Resolution 2	To approve the payment of Directors' fees not exceeding the amount RM54,000 and any benefits payable for the financial year ending 31 January 2023.		
Resolution 3	To re-elect Mr. Tham Vui Vun who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution.		
Resolution 4	To re-elect Ms. Hong Kun Yee who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Constitution.		
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 _____ 2022

For appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy is as follow:

CDS Account No:	
Number of Shares Held:	

Signature / Common Seal of Member

	No. of Shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100%



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 or electronically via email perdana@teckguan.com or online at <https://conveneagm.my/teckguanagm2022>, not less than ninety-six (96) hours before the time fixed for holding the Meeting.
6. Only members whose names appear in the Record of Depositors as at 21 June 2022, issued by Bursa Malaysia Depository Sdn. Bhd., will be entitled to attend and vote at the fully virtual meeting or appoint proxy(ies) to attend and vote 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

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Fold This Flap For Sealing



TECK GUAN PERDANA BERHAD

199401021418 (307097-A)