



12th March 2018

Dear Ms. Ingrid Wei

Re: TG Agrosolutions Limited – Periodic Disclosure Query

We refer to your letter dated 8 March 2018 concerning the observations made by NSX on the Pro-Forma Financial Statements as at 30 November 2014 and the 2014 Annual Report as at 31 December 2014, notably the Goodwill of RM1,500,232 which was reported in the Pro-Forma Financial Statements but none was reported in the Annual Report for period ended 31 December 2014.

We wish to highlight that the Pro-Forma Financial Statements as at 30 November 2014 was not a final audit. It was a review conducted based on Malaysia Private Entity Reporting Standards issued by Malaysia Accounting Standard Board as disclosed under Note 2 Basis of Preparation of the Pro Forma Financial Statements. As such, the acquisition of TG Agrosolutions Sdn Bhd and TG Agroseedlings Sdn Bhd were based on the acquisition of entities under common control, as opposed to an acquisition. (As disclosed in Note 1). Hence, a goodwill of RM1,500,232 was recognised. As mentioned in Note 4.4 in the Pro-Forma Financial Statement, this goodwill represents the excess of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities, and contingent liabilities recognised.

However, when the Company officially conducted its audit for 2014, it was audited based on Australian Accounting Standard. Hence, the acquisition of TG Agrosolutions Sdn Bhd and TG Agroseedlings Sdn Bhd were deemed as a reverse acquisition under the Australian Accounting Standard AASB 3 Business Combination. As explained in Note 14(b) and Note 18 of the Annual Report, in the case of reverse acquisition the financial statements therefore disclose the equity values of the accounting acquirer, which in this case is TG Agroseedlings Sdn Bhd., and no goodwill will be recognised.

Below is our reply to other queries raised by you: -

- 1) Please provide information explaining the material change in its Goodwill and confirm when the Company first become aware of the information.

Please refer to the explanation above. The information was first discovered in the process of company audit for December 2014 and was fully disclosed in the 2014 Annual Report.

- 2) Does the Company believe it is in compliance with Listing Rule 6.4 as the financial position of the group has significantly changed from the period ended 30 November 2014 to the period ended 31 December 2014 without any information being released to the market supporting the significant change in the financial position?

Yes. The Company has fully disclosed the information concerning the goodwill and the bases of treatment for the relevant acquisitions both in the Pro Forma Financial Statements period ended 30 November 2014 and in the 2014 Annual Report.

Thank you.

Sincerely,
Chie Kieng Ngu
Director, TG Agrosolutions Ltd