

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (Bursa Securities) has not perused Part A of this Circular in respect of the Proposed Share Buy-Back Authority and Part B of the Circular in respect of the proposed renewal of shareholders mandate prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

In relation of Part B of the Circular, Bursa Securities has only perused the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to the provisions of Practice Note 18 of Main Market Listing Requirements of Bursa Securities.

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THONG GUAN INDUSTRIES BERHAD

(Company No. 199401038519) (324203K)

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to the

PART A

**PROPOSED RENEWAL OF THE AUTHORITY
TO BUY-BACK ITS OWN SHARES BY THE COMPANY**

PART B

**PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

The ordinary resolution in respect of the above proposal will be tabled as a Special Business at the 25th Annual General Meeting of the Company. The Notice of Annual General Meeting is sent to you together with this Circular. The Annual General Meeting of the Company will be held at Kota Melaka Room, Level 2, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on 19 August 2020 at 11:00 a.m. Shareholders are advised to refer to the Notice of Annual General Meeting and the Form of Proxy which are included in the Company's 2019 Annual Report.

A Proxy Form is enclosed in the said Annual Report which you are urged to complete and return in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not later than 48 hours before the time set for holding the meeting. The lodging of the Proxy Form will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

IMPORTANT DATES:

Last date and time for lodging the Form of Proxy	:	17 August 2020 at 11.00 a.m.
Date and time of the 25th AGM	:	19 August 2020 at 11:00 a.m.

This Circular is dated 30 June 2020

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	: Companies Act 2016, as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
Board	: The Board of Directors of Thong Guan Industries Berhad
Bursa Securities	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
BV	: Bounty Values Sdn Bhd (Company No. 383911-H)
Code	: Malaysian Code on Takeovers and Mergers, 2016
Director(s)	: Shall have the meaning given in Section 2(1) of the Capital Markets & Services Act 2007 and has the same meaning given in Section 2 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company and in relation to a SPAC, a member of the SPAC's management team
EFI	: Everprosper Food Industries Sdn Bhd (Company No.384539-H) TGIB owns 60% of EFI, while 30% are owned by unrelated individuals and 10% are owned by related individuals
EGM	: Extraordinary General Meeting
EPS	: Earnings per share
Issued Share	: 186,596,920 ordinary shares in TGIB as at 10 June 2020
ICULS	: Irredeemable convertible unsecured loan stock
JUS	: Jaya Uni'ang (Sabah) Sdn Bhd (Company No. 96114-P), a wholly owned subsidiary company of TGIB
KFI	: Kimanis Food Industries Sdn Bhd (Company No. 124046-X)
KP	: Kimanis Property Sdn Bhd (Company No. 426149-V)
Landblue	: Landblue Co., Ltd,
Major Shareholder	: A person who has an interest or interests in one or more voting shares in TGIB and the issued share, or the aggregate number of such shares, is: (a) equal to or more than 10% of the aggregate number of all the voting shares in TGIB, or (b) equal to or more than 5% of the aggregate number of all the voting shares in TGIB where such person is the largest shareholder of TGIB For the purpose here, major shareholder (as defined above) includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of TGIB or any other company which is a subsidiary of TGIB or TGIB's holding company in accordance with Chapter 10 of the Listing Requirements. For the purpose here, "interest in shares" has the meaning given in Section 8 of the Act
Mandated Related Parties	: KFI, BV, KP, TGSH, EFI, and TGPW collectively
Market Day(s)	: A day on which the stock market of Bursa Securities is open for trading in securities
MMLR	: Bursa Securities Main Market Listing Requirements and any amendment thereto that may be from time to time
NTA	: Net tangible assets
Percentage Ratio	: The percentage ratios as defined in Paragraph 10.02 of the MMLR
Persons Connected	: In relation to a Director or a Major Shareholder, means such person who falls under any one of the following categories: (a) a member of the Director's or Major Shareholder's family; or (b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a member of the Director's or Major Shareholder's family is the sole beneficiary; or (c) a partner of the Director, Major Shareholder, or a partner of a person connected with that Director or Major Shareholder; or (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; or

Persons Connected (Continue)	:	(e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; or (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; or (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act; or (h) a body corporate in which the Director, Major Shareholder, and/or persons connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation
Proposals	:	The Proposed Share Buy-Back and the Proposed Mandate collectively
Proposed Mandate	:	The proposed new and renewal of shareholders' mandate for the TGIB Group to enter into RRPT
Proposed Share Buy-Back	:	The proposal to enable the Company to purchase or hold in aggregate such number of its ordinary shares representing not more than 10% of the total number of its issued share.
Purchased Shares	:	TGIB share(s) to be purchased by the Company pursuant to the Proposed Share Buy-Back
Recurrent Transaction(s) or RRPT	:	Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group
Related Party	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder (as defined under Paragraph 1.01 of the MMLR)
RM and sen STGT	:	Ringgit Malaysia and sen respectively Syarikat Thong Guan Trading Sdn Bhd (Company No. 29442-K), a wholly owned subsidiary company of TGIB
SC	:	Securities Commission
Shares	:	Ordinary shares in TGIB
Special purpose acquisition company or SPAC	:	Means a corporation which has no operations or income generating business at the point of initial public offering and has yet to complete a qualifying acquisition with the proceeds of such offering.
Substantial Shareholder(s)	:	Shall have the meaning given in Section 136 of the Act
TGIB or the Company	:	Thong Guan Industries Berhad (Company No. 324203K)
TGIB Group or the Group	:	TGIB and its subsidiary and associated companies
TGPE	:	TG Plastic Pack (Export) Sdn. Bhd. (271759-K)
TGPP	:	Thong Guan Plastic & Paper Industries Sdn Bhd (Company No. 73976-V), a wholly owned subsidiary company of TGIB
TGPW	:	TG Power Wrap Sdn. Bhd. (Company No. 926857-K), TGIB owns 85% of TGPW, while the remaining 15% is owned by related company
TGSH	:	TGSH Plastic Industries Sdn. Bhd. (Company No. 679305-X), TGIB owns 70% of TGSH, while 13% are owned by unrelated individuals and 17% are owned by related individuals
TGWPP	:	TGW Plastic Packaging Sdn Bhd (Company No. 1290410-D), TGPP owns 51% of TGWPP, while 49% are owned by unrelated individual and company.
Treasury Shares	:	Purchased Shares which are or will be retained as treasury shares by the Company (as defined in Section 127 of the Act)
UPI	:	Uniang Plastic Industries (Sabah) Sdn Bhd (Company No. 57039-H), a wholly owned subsidiary company of TGIB
Winner Bright	:	Winner Bright International Industrial Limited, TGPP owns 49% of Winner Bright.
WAMP	:	Weighted average market price

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

All reference to a time of day shall be a reference to Malaysian time, unless otherwise stated.

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THONG GUAN INDUSTRIES BERHAD

(Company No. 324203K)
(Incorporated in Malaysia)

Registered Office:
170-09-01 Livingston Tower,
Jalan Argyll,
George Town,
10050 Penang.

30 June 2020

Board of Directors : -

DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	<i>(Independent Non-Executive Chairman)</i>
Tengku Muzzammil Bin Tengku Makram	<i>(Independent Non-Executive Director)</i>
Dato' Ang Poon Chuan	<i>(Managing Director)</i>
Datuk Ang Poon Seong	<i>(Executive Director)</i>
Dato' Ang Poon Khim	<i>(Executive Director)</i>
Ang See Ming	<i>(Executive Director)</i>
Chow Hon Piew	<i>(Independent Non-Executive Director)</i>
Dato' Kang Pang Kiang	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Thong Guan Industries Berhad

Dear Sir/Madam,

PART A PROPOSED RENEWAL OF THE AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY

PART B PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's AGM held on 26 June 2019, the Board had obtained the shareholders' approval for:

- the Board to purchase and hold up to 10% of the issued share of TGIB; and
- the Company and its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business.

The above approvals shall lapse at the conclusion of the forthcoming AGM, scheduled for 19 August 2020, unless the authorization is renewed.

On 9th June 2020, the Board had announced to Bursa Securities that the Company proposes to seek its shareholders' approval for renewal of the authority to purchase its own Shares and the new and renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

The Proposals would become effective immediately upon the passing of the proposed resolutions and will expire at the conclusion of the next AGM of the Company unless the authority and mandate are further renewed by resolutions passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held (but must not extend to such extension as may be allowed pursuant to section 340(4) of CA), or if earlier revoked or varied by ordinary resolutions of the shareholders of the Company in a general meeting, whichever occurs first.

The purpose of this Circular is to provide you with the information on the Proposals and to seek your approval for the proposed resolution to be tabled at the forthcoming AGM of the Company.

2. PART A PROPOSED RENEWAL OF THE AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Company proposes to seek the renewal of the authority from shareholders of TGIB to purchase and/or hold from time to time and at any time up to 10% of the total number of issued share of the Company at the point of purchase. In accordance with Section 127 of the Act, and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase, the Company is allowed to purchase its own Shares on the Bursa Securities through its appointed stockbroker(s) as approved by Bursa Securities.

Arising from the migration to the no par regime under the Act, par value is no long relevant. Pursuant to Section 74 of the Act, as at 10 June 2020, the total number of issued shares of the TGIB is 186,596,920 including treasury shares (currently number of share held as treasury share was 472,000 units). Hence the maximum number of shares which may be purchased by the Company will be 18,659,692 shares, representing 10% of the existing issue shares of the Company are involved in the proposal.

The maximum amount of funds to be utilized by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company. Based on the latest audited financial statement of TGIB for the financial year ended 31 December 2019, the retained profits were RM24.98 million.

The Board proposes to allocate an amount not exceeding the amount in the retained profits of the Company for the Proposed Share Buy-Back. The funds to be allocated for the Proposed Share Buy-Back will be financed through internally generated funds and/or bank borrowings. In the event that the Company intends to purchase its own shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flows of the Group.

The Proposed Share Buy-Back is subject to compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities including compliance with the public shareholding spread as allowed by Bursa Securities. As at 10 June 2020, approximately 98,805,452 Shares representing 53.09% of the total number of issued share of the Company were held by the public shareholders. The Board will endeavor to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

To date, the Board has yet to decide on the treatment of the Purchased Shares if any. However an immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of shares pursuant to the Proposed Share Buy-Back.

Pursuant to Paragraph 12.17 of the MMLR, the Company shall purchase its own Shares on Bursa Securities at a price which is not more than 15% above the weighted average market price of the Company's Shares for 5 Market Days immediately before the date of the purchase(s).

In the case of a resale of Treasury Shares, the Company may only resell the Purchased Shares held as Treasury Shares on Bursa Securities at:

- (a) a price which is not less than the weighted average market price for the shares for 5 Market Days immediately before the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price for the shares for 5 Market Days immediately before the resale provided that:-
 - (i) the resale takes place no earlier than 30 days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

2.1.1 Purchase and re-sale made in the previous twelve (12) months

Month/Year	Total Number of Share Purchased	Highest Price Paid (RM)	Lowest Price Paid (RM)	Average Price Paid (RM)	Total Consideration Paid (RM)*
June 2019	285,800	2.55	2.46	2.51	724,670.00

*Inclusive of transaction charges

The above purchases were made from the open market and were financed by internally generated funds and the shares purchased are being held as treasury shares. In the last 12 months preceding the date of this Circular, there were no resale, transfer and cancellation of treasury shares.

2.2 RATIONALE OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders in the following manner:-

- (a) It will provide the Company the option to return its surplus financial resources to its shareholders;
- (b) The Company is expected to stabilize the supply and demand of its Shares in the open market and thereby supporting its fundamental values;
- (c) If the Purchased Shares are cancelled, it would enhance the EPS of the Company and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company; and
- (d) Where the Purchased Shares bought back are retained as Treasury Shares, the Directors would have an option to distribute these Purchased Shares as share dividends to reward the shareholders;

2.3 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) Allows the Company to take preventive measures against speculation particularly when its Shares are undervalued;
- (b) Reduces the effects of volatile price fluctuations in the share market and affirm investors' confidence in TGIB; and
- (c) Allows the Company more flexibility in attaining its desired capital structure.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) Reduces the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge; and
- (b) As the Proposed Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Board will be mindful of the interest of TGIB and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent resale of Treasury Shares on Bursa Securities, if any.

2.4 EFFECTS OF THE PROPOSED SHARE BUY-BACK

Based on the assumption that the Proposed Share Buy-Back is implemented in full, the effects of the Proposed Share Buy-Back on the number of issued share, EPS, NA, working capital, dividend and shareholding structure of the Directors and Substantial shareholders as well as the implications relating to the Code are set out below:

(a) Share Capital

Assuming the Proposed Share Buy-Back is implemented in full and all the Purchased Shares are cancelled, the effect on the number of issued shares of the Company are illustrated below:-

Total number of issued share as at 10 June 2020	<u>No. of Share</u> 186,596,920
Less : Maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back	18,659,692
Resultant number of issued share upon completion of the Proposed Share Buy-Back	<u>167,937,228</u>

However, the Proposed Share Buy-Back will have no effect on the number of issued share if all the TGIB Shares purchased are to be retained as Treasury Shares but the rights attaching to them as to voting, dividends and participation in other distributions and otherwise are suspended.

(b) EPS

The effect of the Proposed Share Buy-Back on the EPS of the Group would depend on the number of Shares purchased and purchase price of the Shares. The effective reduction in the number of issued share of the Company pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS of the Group.

(c) Net Assets

The Proposed Share Buy-Back is likely to reduce the net assets per share of the Group if the purchase price exceeds the net assets per share of the Group at the time of purchase and vice versa.

In the event the Treasury Shares are resold on Bursa Securities, the net assets per share will increase assuming that a gain has been realized and vice versa. Again, the quantum of the increase in net assets will depend *interalia* on the number of Purchased Shares, the purchase price of the shares, the effective funding cost to the Group to finance the Purchased Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

(d) Working Capital

The Proposed Share Buy-Back is likely to reduce the funds available for working capital purposes of the Group, the quantum of which will depend on the purchase price of the Shares and the actual number of Shares purchased and any associated costs incurred in the purchase.

(e) Dividend

In respect of financial year ended 31 December 2019, a final single tier dividend of 9 sen per Share has been recommended, subject to the approval of the shareholders of the Company at the forthcoming AGM of the Company. Assuming the Proposed Share Buy-Back is implemented, dividend would be paid on the remaining number of issued share of TGIB. The Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available which may otherwise be used for dividend payments.

(f) Directors' and Substantial Shareholders' Shareholdings

The proforma effects of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of TGIB, based on the Record of Depositors, Register of Substantial Shareholders and Register of Directors' Shareholdings of TGIB as at 10 June 2020, assuming the Shares are purchased from shareholders other than the Directors and/or Substantial shareholders of TGIB, are set out below:-

Substantial Shareholders	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Foremost Equals Sdn Bhd	74,371,875	39.86	-	-	74,371,875	44.29	-	-

Director	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Ang Poon Chuan	2,660,204	1.43	591,783 ⁽¹⁾	0.32	2,660,204	1.58	591,783 ⁽¹⁾	0.35
Dato' Ang Poon Khim	1,763,993	0.95	158,650 ⁽¹⁾	0.09	1,763,993	1.05	158,650 ⁽¹⁾	0.09
Datuk Ang Poon Seong	1,904,058	1.02	17,800 ⁽¹⁾	0.01	1,904,058	1.13	17,800 ⁽¹⁾	0.01
Ang See Ming	838,398	0.45	-	-	838,398	0.50	-	-
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-	-	-	-	-
Chow Hon Piew	-	-	-	-	-	-	-	-
Kang Pang Kiang	-	-	-	-	-	-	-	-

Notes:-

⁽¹⁾Deemed interested by virtue of his/her spouse's and children's interest, pursuant to Section 59 (11) (c) of the Act.

2.5 IMPLICATIONS RELATING TO THE CODE

Under the Code, a director and any person acting in concert with him (if any), holding more than 33% but less than 50% of the voting shares of a company, who as a result of a purchase by the Company of its own voting shares, increases his holding in any period of 6 months by an additional 2% or more of the voting shares of the company, has an obligation to extend a mandatory take-over offer to acquire the remaining shares not already held by the said person and persons acting in concert with him ("Mandatory Offer").

The Board does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation to undertake a Mandatory Offer pursuant to the Code. However, in the event an obligation to undertake a Mandatory Offer were to arise resulting from the Proposed Share Buy-Back, the relevant parties shall make the necessary application to the SC for an exemption from undertaking the Mandatory Offer pursuant to the Code prior to any buy-back of the Shares.

Based on the Register of Substantial Shareholders as at 10 June 2020, Foremost Equals Sdn Bhd holds 39.86% of the voting shares of TGIB. Assuming the Proposed Share Buy-Back is implemented in full, Foremost Equals Sdn Bhd and the persons acting in concert with it will trigger the obligation to undertake a Mandatory Offer.

2.6 SHARE PRICES

The monthly highest and lowest prices of the Shares traded on the Bursa Securities for the last twelve (12) months from July 2019 to June 2020 are as follows:

	2019 Jul	2019 Aug	2019 Sep	2019 Oct	2019 Nov	2019 Dec	2020 Jan	2020 Feb	2020 Mar	2020 Apr	2020 May	2020 Jun
High (RM)	2.64	2.55	2.77	2.95	3.58	3.67	3.74	4.32	3.88	3.38	3.67	3.99
Low (RM)	2.49	2.34	2.44	2.64	2.82	3.27	3.20	3.38	1.95	3.19	3.55	3.58

The last transacted price of TGIB Shares on 10 June 2020, being the latest practicable date prior to the date of printing of this Circular was RM3.77.

2.7 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and Substantial Shareholders or persons connected with the Directors and Substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back.

2.8 CONDITIONS OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to the approval of the shareholders of TGIB at the forthcoming AGM. The Proposed Share Buy-Back is not conditional upon any other proposal.

2.9 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and its shareholders. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

3. PART B PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Board wishes to seek the approval of the shareholders of TGIB for the new and renewal of Shareholders' Mandate given at the AGM held on 19 August 2020 which would enable the TGIB Group to continue to enter into the RRPT provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the TGIB Group which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Company is principally engaged in investment holding and trading of plastic and petroleum products, whilst the principal activities of its subsidiaries are as follows:-

- 100% THONG GUAN PLASTIC & PAPER INDUSTRIES SDN. BHD. (198101007859)(73976-V)
Manufacturing and trading of plastic products.
 - 100% TG PLASTIC TECHNOLOGIES SDN.BHD. (200101001916)(537672-V)
Manufacturing and trading of plastic packaging products.
 - 51% TGW PLASTIC PACKAGING SDN.BHD. (201801028384)(1290410-D)
Manufacturing and trading of plastic packaging products.
 - 49% WINNER BRIGHT INTERNATIONAL TRADING LIMITED****
Trading of plastic packaging products.
- 100% TGP MARKETING SDN. BHD. (200001028901)(531508-T)
Become dormant during the year.
- 100% SYARIKAT THONG GUAN TRADING SDN. BHD. (197601003548)(29442-K)
Trading of food and beverages products and wholesale of rice.
 - 60% EVERPROSPER FOOD INDUSTRIES SDN BHD. (199601012190)(384539-H)
Manufacturing and trading of noodle products
 - 100% EVERPROSPER MARKETING SDN BHD. (200001021686)(524293-A)
Dormant.
 - 79% THONG GUAN TRADING (THAILAND) COMPANY LIMITED***
Manufacturing and trading of food and beverages products
- 100% THONG GUAN PLASTIC INDUSTRIES (SUZHOU) CO., LTD.*
Manufacturing and trading of plastic packaging products.
- 100% TGP PLASPACK (SUZHOU) CO., LTD. *
Manufacturing and trading of plastic packaging products.
- 100% UNIANG PLASTIC INDUSTRIES (SABAH) SDN. BHD. (198001003255)(57039-H)
Manufacturing and sale of film blown plastic products and flexible plastic packaging products.
- 100% JAYA UNI'ANG (SABAH) SDN. BHD. (198301000881)(96114-P)
Trading in film blown plastic products, food and consumable products.
- 100% TG PLASPACK MYANMAR CO., LTD.*****
Dormant.
- 100% 888 FOOD INDUSTRIES SDN. BHD. (201301031367)(1061196-H)
Dormant
- 100% NEWTON RESEARCH & DEVELOPMENT CENTRE SDN. BHD. (201401047754)(1123943-X)
Research and development centre for plastic packaging industry.
- 100% TG PLASPACK (VIETNAM) CO., LTD.**
Dormant.
- 85% TG POWER WRAP SDN. BHD. (201001042929)(926857-K)
Manufacturing and marketing of polyvinyl chloride (PVC) cling food wrap.
- 70% TGSH PLASTIC INDUSTRIES SDN. BHD. (200501002259)(679305-X)
Manufacturing and marketing of plastic packaging products.
- 80% 888 CAFE SDN. BHD. (200301033357)(635778-D)
Ceased operation during the year.

Note: * Incorporated in the People's Republic of China
 ** Incorporated in the Socialist Republic of Vietnam
 *** Incorporated in Kingdom of Thailand
 **** Incorporated in Hong Kong SAR of the People's Republic of China
 ***** Incorporated in Republic of the Union of Myanmar

3.1 BACKGROUND OF THE RECURRENT TRANSACTIONS

Under Paragraph 10.09(2) of the MMLR, the Company may seek its shareholders' mandate for RRPT subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (i) the consideration, value of the assets, capital outlay or cost of the transactions is equal to or exceeds RM1 million; or
 - (ii) any one of the percentage ratios of such transactions is equal to or exceeds 1%,Whichever is the higher;
- (c) the issuance of a circular to the shareholders of the Company containing information as specified in the MMLR;
- (d) in a meeting to obtain the shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected with them; and where it involves the interest of an interested Person Connected, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (e) the Company immediately announces to Bursa Securities when the actual value of a transaction entered into is equal to or exceeds 10% of the estimated value of the transaction disclosed in the circular to shareholders.

Notwithstanding paragraph 10.09(2)(e) of the Listing Requirements, if the actual amount of financial assistance provided or rendered exceeds the Estimate, the listed issuer must immediately announce the same to the Exchange. If the percentage ratio of the amount of financial assistance provided or rendered in excess of the Estimate is 5% or more, the listed issuer must comply with paragraph 10.08 of the Listing Requirements.

The Board therefore proposes to seek a mandate from the shareholders of the Company to enable the Group to enter into Recurrent Transactions without the necessity of making the otherwise required announcements or to convene EGMs in order to procure specific prior approval of shareholders.

3.2 NATURE OF RECURRENT RELATED PARTY TRANSACTIONS AND CLASS OF RELATED PARTIES

The Proposed Mandate will apply to the following classes of Related Parties:

<u>Mandated Related Party</u>	<u>Place of Incorporation</u>	<u>Principal Activity</u>
(i) Kimanis Food Industries Sdn Bhd ("KFI")	Malaysia	Manufacturing and marketing of flour-based and corn-based snack food
(ii) Bounty Values Sdn Bhd ("BV")	Malaysia	Investment in real properties
(iii) Kimanis Property Sdn Bhd ("KP")	Malaysia	Investment holding
(iv) TGSH Plastic Industries Sdn Bhd ("TGSH")	Malaysia	Manufacturing and marketing of plastic bags, films, sheets and recycling of plastic waste
(v) Everprosper Food Industries Sdn Bhd ("EFI")	Malaysia	Manufacturing and trading of noodle products
(vi) TG Power Wrap Sdn Bhd ("TGPW")	Malaysia	Manufacturing and marketing of polyvinyl chloride (PVC) cling food wrap.

The interested Directors and Persons Connected with the interested Directors are deemed interested in the Proposed Mandate by virtue of their interests are as follows: -

Name of Related Party	KFI (1)		BV (2)		KP (3)		TGS (4)		EFI (5)	
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect
	%	%	%	%	%	%	%	%		
Dato' Ang Poon Chuan	2.38	41.60	-	100.00	-	-	-	6.13	-	10.00
Datuk Ang Poon Seong	42.35	7.13	-	-	50.00	50.00	2.00	-	-	-
Dato' Ang Poon Khim	-	-	-	-	-	-	-	3.00	-	-
Sensible Matrix Sdn Bhd	41.60	-	-	-	-	-	-	-	-	-
Ang See Ming	-	-	20.00	-	-	-	4.00	-	10.00	-

Name of Related Party	TGPW (6)		Winner Bright (7)		Landblue (8)	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	%	%	%	%	%	%
Dato' Ang Poon Chuan	-	-	-	-	-	-
Datuk Ang Poon Seong	-	-	-	-	-	-
Dato' Ang Poon Khim	-	-	-	-	-	-
TG Plastic Pack (Export) Sdn Bhd	15	-	-	-	-	-
Ang See Ming	-	-	-	-	-	-
Ng Chiu Bun	-	-	26.00	25.00	80.00	-
Landblue	-	-	25.00	-	-	-

Notes :-

- Sensible Matrix Sdn Bhd (SM) is a shareholder of TGIB.
 - TG Plastic Pack (Export) Sdn Bhd (TGPE) is a related party company
 - Dato' Ang Poon Chuan, Datuk Ang Poon Seong, Dato' Ang Poon Khim and Ang See Ming are Directors of TGIB
- KFI (1)**
- Dato' Ang Poon Chuan, Datuk Ang Poon Seong and Dato' Ang Poon Khim are directors of KFI
 - SM, a company deemed connected to the directors/ shareholders of TGIB by virtue of them holding collectively more than 20% in SM. The shareholdings of the directors/shareholders of TGIB in SM are as follows :-

Directors/Shareholders of TGIB

	<u>Shareholding (%)</u>
Dato' Ang Poon Chuan	19.40
Datuk Ang Poon Seong	17.53
Dato' Ang Poon Khim	12.87

- The indirect shareholdings of 7.13% are held by the spouse of Datuk Ang Poon Seong, namely Datin Goy Siew Kee

BV (2)

- Dato' Ang Poon Chuan's children are directors of BV, namely Ang See Ming and Ang See Cheong.

- The indirect shareholdings of 100.00% are held by the spouse and children of Dato' Ang Poon Chuan, namely Datin Goey Neow Kiah @ Goey Choo Mai (30%), Ang See Ming (20%), Ang See Cheong (20%), Ang See Ngee (20%) and Ang See Yuen (10%)

KP (3)

- Datin Ang Poon Seong is a director of KP. The indirect shareholdings of 50.00% are held by the spouse of Datin Ang Poon Seong, namely Datin Goey Siew Kee

TGSH (4)

- Dato' Ang Poon Chuan, Datin Ang Poon Seong, Dato' Ang Poon Khim and Ang See Ming are directors of TGSH.
- The indirect shareholdings of 9.13% are held by the children of Dato' Ang Poon Chuan, namely Ang See Ming (4%) and Ang See Cheong (2.13%), the child of Dato' Ang Poon Khim, namely Ang See Hwan (3%)

EFL (5)

- Dato' Ang Poon Chuan, Dato' Ang Poon Khim and Ang See Ming are directors of EFL.
- The indirect shareholding of 10% is held by the child of Dato' Ang Poon Chuan, namely Ang See Ming.

TGPW (6)

- Dato' Ang Poon Chuan, Dato' Ang Poon Khim and Ang See Ming are directors of TGPW.
- TGPE, a company deemed connected to the directors/shareholders of TGIB by virtue of them holding collectively more than 20% in TGPE. The shareholdings of the directors/shareholders of TGIB in TGPE are as follows :-

<u>Directors/Shareholders of TGIB</u>	<u>Shareholding (%)</u>
Dato' Ang Poon Chuan	17.42
Datin Ang Poon Seong	15.15
Dato' Ang Poon Khim	15.15
Ang See Ming	9.09

WINNER BRIGHT (7)

- Dato' Ang Poon Chuan, Dato' Ang Poon Khim, Mr. Ng Chiu Bun and Ms. Lo Wai Ngor are directors of Winner Bright.
- The indirect shareholding of 25% is held by Landblue, a company incorporated in Hong Kong SAR of People's Republic of China which Mr. Ng Chiu Bun is the major shareholder and director of the company.

LANDBLUE (8)

- Mr. Ng Chiu Bun is a director and major shareholder of Landblue.

3.2.1 Proposed Renewal of the Existing Shareholders' Mandate

Nature of Transactions	Name of Company	Related Party	Interested Directors and/or Interested Major Shareholders	Estimate Annual Value Disclosed in the Preceding Year's Circular RM'000	Actual Value of Transactions Since Last AGM to 31/05/2020 (Being the Latest Practicable Date) RM'000	Estimated Value of Transactions from 25 th AGM to the Date of the Next AGM RM'000
Sales of plastic products (e.g. plastic bag, stretch film, shrink film, laminated film etc.)	UPI (Seller)	KFI (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	5,000	2,283	5,000
Sales of plastic products	TGPM, TGPP, UPI, TGPT (Buyer)	TGSH (Seller)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	50,000	4,810	20,000
Purchase of plastic products	TGPP, TGPW, TGPT (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	50,000	25,322	50,000
Purchase of snack food	JUS (Buyer)	KFI (Seller)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	8,000	3,421	8,000
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kws Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah. <i>Rental: RM17,550 per Month (27,000 sq.ft.)</i>	TGPP (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	300	194	300
Renting of factory premise at No. 24 (DBKK Building No. 6), District of Kota Kinabalu, Sabah <i>Rental: RM6,000 per Month (22,128 sq.ft.)</i>	UPI (Tenant)	KP (Landlord)	Datuk Ang Poon Seong	80	66	80
Renting of factory and warehouse premise at Plot 33, Jalan PKNK Utama, Kws Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah. <i>Rental : RM10,000 per Month (1st floor, 28,000 sq.ft.)</i>	EFI (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	300	110	300
Sales of noodle products	STGT (Buyer)	EFI (Seller)	Ang See Ming	500	244	1,000
Purchase of beverages and plastic products	STGT (Seller)	EFI (Buyer)	Ang See Ming	3,000	2	1,000
Provision of temporary financial assistance	TGIB, STGT (Lender)	EFI (Borrower)	Ang See Ming	2,000	800	2,000
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kws Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah. <i>Rental : RM25,400 per Month and RM20,000 per Month (40,850 sq. ft.) & (50,000 sq. ft.) respectively.</i>	TGPT (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	600	500	600
Renting of factory and warehouse premise at Batu 33, Jalan Sg. Petani ke Sungai Lalang, 08100 Sg. Lalang, Kedah. <i>Rental : RM 65,000/Month (112,953sq.ft.)</i>	TGPP (landlord)	TGPW (Tenant)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	800	715	800
Sales of PVC products	STGT, TGPT, JUS (Buyer)	TGPW (Seller)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	3,000	1,928	3,000
Purchase of plastic products	TGWPP (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	2,000	407	2,000

3.2.2 Amount Due and Owing Under Recurrent Related Party Transactions

As at 31 December 2019, being the end of financial year of TGIB, there is no amount due and owing by its related parties arising from the Recurrent Related Party Transactions which exceeded the credit term.

3.2.3 Additional categories of RRPTs which may or will be entered into under the proposed new mandate

Nature of Transactions	Name of Company	Related Party	Interested Directors and/or Interested Major Shareholders	Estimated Value of Transactions from 25 th AGM to the Date of the Next AGM(RM'000)
Purchase of plastic products	TGWPP (Seller)	Winner Bright (Buyer)	Ng Chiu Bun	60,000
Purchase of plastic products	TGWPP (Seller)	Landblue (Buyer)	Ng Chiu Bun	30,000
Sales of Plastic Products	TGWPP (Buyer)	Landblue (Seller)	Ng Chiu Bun	12,000

3.3 RATIONALE AND BENEFIT OF THE RECURRENT TRANSACTIONS

The Recurrent Transactions took place within the TGIB Group and are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical for the Company to seek shareholders' approval on a case by case basis before entering into such Recurrent Transactions.

By obtaining the Proposed Mandate, the necessity to make frequent announcements to Bursa Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Transactions occur as required under the Listing Requirements will not arise. This will substantially reduce administrative time, inconvenience and expenses associated with the making of announcements or the convening of such meeting on an ad-hoc basis, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

TGIB Group has a long-standing business relationship with the Mandated Related Parties. The Mandated Related Parties are both good customers of TGIB Group as well as reliable suppliers of the goods required by TGIB Group for its business. The goods provided by the Mandated Related Parties are priced competitively and all transactions between TGIB Group and the Mandated Related Parties are carried out on an arms-length basis and on terms not more favourable to the related parties than those generally available to the public. The goods can also be obtained from the Mandated Related Parties even when short notice is given to them, in order to meet the tight orders of the Group's customers.

TGIB would like to seek approval for the Proposed Mandate as the close co-operation between TGIB Group and the Mandated Related Parties has been beneficial and is expected to continue to be of benefits to the business of TGIB Group. These Recurrent Transactions gives additional business volume to the existing business of the TGIB Group, therefore, improving the turnover and profitability of the Group.

The renting of factory premises from the Related Parties will allow the TGIB Group to operate at nearby locations, thereby increasing the efficiency of the Group's operations maintain effective control and increase staff convenience.

3.4 REVIEW PROCEDURES FOR THE RECURRENT TRANSACTIONS

There are procedures established by the TGIB Group to ensure that Recurrent Transactions are undertaken on an arm's length basis and on the TGIB Group's normal commercial terms, consistent with the TGIB Group's usual business practices and policies, which are generally no more favourable to the Mandated Related Party than those generally available to the public and are not detrimental to the minority shareholders. The procedures are as follows :-

- (a) The Finance Department at the Head Office of TGIB will maintain a list of Mandated Related Parties and ensure that all Recurrent Transactions are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public;
- (b) All RRPT to be entered into will be reviewed by financial controller at the Finance Department of TGIB's Head Office to ensure that the transactions are not more favourable to the related party and will not be to the detriment of minority shareholders;
- (c) Records of RRPTs will be compiled and summarized for review by the Audit Committee on annually basis to ascertain that the guidelines and procedures established to monitor RRPT have been complied with;
- (d) Disclosure on all Recurrent Transactions will be made in the Annual Report of the Company;
- (e) The transaction prices, terms and conditions are determined by market forces, under similar commercial terms for transactions with third parties, which are at arm's length;
- (f) The interested directors who are members of the Board will abstain from deliberating and voting on all matters pertaining to the Recurrent Transactions at the relevant meetings of the Board or Audit Committee;
- (g) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially

- similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on similar costing method of pricing used for other products/services and/or quantities to ensure that the RRPT is not detrimental to the Group; and
- (h) There are no specific thresholds for approval of RRPT within the TGIB Group. However, all RRPT will be reviewed by the Audit Committee and approved by the Board.

3.5 STATEMENT BY THE AUDIT COMMITTEE

The Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and review of these procedures and processes on annually basis.

The Audit Committee has reviewed the procedures set out in the paragraph above and is of the view that the said procedures are sufficient to ensure that the Recurrent Transactions are on terms not more favorable to the transacting parties than those generally available to the public and are not to the detriment of the minority shareholders. Any member of the Audit Committee who is interested in any Recurrent Transaction shall not be involved in the review of the Recurrent Transaction.

3.6 DISCLOSURE

Disclosures will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and in the Annual Report for the subsequent financial year during which the shareholders' mandate remain in force containing the following information:-

- (a) the type of Recurrent Transaction; and
- (b) the names of the Related Party involved in each Recurrent Transaction entered into and their relationship with the Company.

3.7 FINANCIAL EFFECTS OF THE PROPOSED MANDATE

The Proposed Mandate is not expected to have any effect on the total number of issued share, NTA per share and EPS of the TGIB Group.

3.8 CONDITIONS OF THE PROPOSED MANDATE

The Proposed Mandate is subject to the approval being obtained from the shareholders of TGIB at the forthcoming AGM.

3.9 INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

The details of the shareholdings in TGIB held by the interested Directors, interested Major Shareholders and the persons connected to the interested Director and/or Major Shareholders as at 10 June 2020 are as follows :-

	No. of Ordinary Shares			
	Direct	%	Indirect	%
<u>Interested Directors</u>				
<i>Dato' Ang Poon Chuan</i>	2,660,204	1.43	591,783 ⁽¹⁾	0.32
<i>Dato' Ang Poon Khim</i>	1,763,993	0.95	158,650 ⁽¹⁾	0.09
<i>Datuk Ang Poon Seong</i>	1,904,058	1.02	17,800 ⁽¹⁾	0.01
<i>Ang See Ming</i>	838,398	0.45	-	-
<u>Interested Major Shareholder</u>				
<i>Foremost Equals Sdn Bhd *</i>	74,371,875	39.86	-	-
<u>Person Connected with Interested Director and/ or Major Shareholders</u>				
<i>Ang See Cheong</i>	60,350	0.03	-	-
<i>Ang Eng Joo</i>	313,746	0.17	-	-
<i>Ang Eng Yean</i>	297,539	0.16	-	-
<i>Datin Goey Neow Kiah @ Goey Choo Mai</i>	443,233	0.24	-	-
<i>Datin Chang Chooi Ooi</i>	101,800	0.05	-	-
<i>Ang See Hwan</i>	56,850	0.03	-	-
<i>Sensible Matrix Sdn Bhd</i>	1,940,520	1.04	-	-
<i>Datin Cheah Kheng Keow</i>	383,576	0.21	-	-
<i>Ang See Ngee</i>	88,200	0.05	-	-
<i>Ang Eng Chin</i>	62,246	0.03	-	-
<i>Ang Eng Nee</i>	222,496	0.12	-	-
<i>Ang See Yao</i>	5,400	^	-	-
<i>Goy Siew Kee</i>	7,000	^	-	-

Notes:-

⁽¹⁾ Deemed interested by virtue of his/her spouse's and children's interest, pursuant to Section 59 (11) (c) of the Act.

^ Negligible

* Foremost Equal Sdn Bhd is not a party to any RRPT.

The Directors of the Company, namely Dato' Ang Poon Chuan, Datuk Ang Poon Seong, Dato' Ang Poon Khim and Ang See Ming, who are interested in the Recurrent Transactions, have abstained and will continue to abstain from deliberations and voting at all Board Meetings in relation to the Proposed Mandate.

Accordingly, the above mentioned interested Director, interested Major Shareholders and Person Connected to the interested Directors and/or interested Major Shareholders will abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Mandate to be tabled at the forthcoming AGM.

The Persons Connected to the interested Directors and/or interested Major Shareholders, namely Ang See Cheong, Ang Eng Joo, Ang Eng Yean, Datin Goey Neow Kiah @ Goey Choo Mai, Datin Chang Chooi Ooi, Ang See Hwan, Sensible Matrix Sdn Bhd, Datin Cheah Kheng Keow, Ang See Ngee, Ang Eng Chin, Ang Eng Nee and Person Connected to them will also abstain from voting in respect of their direct and indirect shareholdings on the resolution approving on the Proposed Mandate in the forthcoming AGM.

The interested Directors and interested Major Shareholder have undertaken that they shall ensure that the Persons Connected to them will abstain from voting on the resolutions deliberating or approving in respect of their direct and/or indirect shareholdings pertaining to the Proposed Mandate in the forthcoming AGM.

Save as disclosed above, none of the other Directors, Major Shareholders or Person Connected with the Directors and/or Major Shareholders of TGIB, have any interest, direct or indirect, in the Proposed Mandate.

3.10 DIRECTORS' RECOMMENDATION

The Board, save for the interested Directors, having considered all aspects of the Proposed Mandate is of the opinion that they are in the best interest of the Company.

With the exception of Dato' Ang Poon Chuan, Datuk Ang Poon Seong, Dato' Ang Poon Khim and Ang See Ming who are deemed interested in the Proposed Mandate and have refrained from making any recommendations in respect of this resolution, the Board recommend that you vote in favour of the resolutions to be tabled at the forthcoming AGM.

4. APPROVALS REQUIRED

The Proposals are conditional upon the approval of the shareholders of TGIB at the forthcoming AGM. However, the Proposals are not inter-conditional.

5. ANNUAL GENERAL MEETING

The 25th Annual General Meeting, the notice of which is enclosed in this Circular, will be held at Kota Melaka Room, Level 2, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on 19 August 2020 at 11:00 a.m., for the purpose of considering and if thought fit, pass the resolution pertaining to the Proposals.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instructions therein as soon as possible so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time fixed for holding the AGM. The completion and lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

6. ADDITIONAL INFORMATION

Shareholders are requested to refer to the attached Appendix I for additional information.

Yours faithfully
For and behalf of the Board of
THONG GUAN INDUSTRIES BERHAD

DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin
Independent Non-Executive Chairman

ADDITIONAL INFORMATION**1. DIRECTORS' RESPONSIBILITY**

This Circular has been seen and approved by the Directors of TGIB and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL CONTRACTS

There are no contracts which may be material (not being contracts entered into in the ordinary course of business) which have been entered into by TGIB and its subsidiaries during the past two (2) years preceding the date of this Circular.

3. MATERIAL LITIGATION

The TGIB Group is not engaged in any material litigation, claim and arbitration, either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings, pending or threatened, against the TGIB Group or of any facts that is likely to give rise to any proceedings which might materially affect the financial position or business of the TGIB Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following document are available for inspection at the Registered Office of TGIB following the publication of this Circular from Monday to Friday (except Public Holidays) during normal office hours up to and including the date of the AGM :-

- (a) Constitution of TGIB;
- (b) The audited accounts of TGIB Group for the past two (2) financial years ended 31 December 2018 and 2019.

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