



Contents

CONTENTS

2	Corporate Information
3	Group Structure and Principal Activities
4 - 5	Financial Highlights and Indicators
6 - 8	Management Discussion and Analysis
9 - 12	Director's Profile
13 - 14	Corporate Social Responsibility
15 - 23	Statement on Corporate Governance
24 - 25	Statement on Risk Management and Internal Control
26 - 27	Audit Committee Report

FINANCIAL STATEMENT

29 - 34	Directors' Report
35	Statements of Financial Position
36	Statements of Profit or Loss and Other Comprehensive Income
37 - 40	Statements of Changes in Equity
41 - 42	Statements of Cash Flows
43 - 93	Notes to the Financial Statements
94 - 95	Statement by Directors and Statutory Declaration
96 - 98	Independent Auditors' Report to the Members
99	List of Properties Owned by the Group
100	Analysis of Ordinary Shareholdings
101	Analysis of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") Holdings
102	Analysis of Warrant Holdings
103	List of 30 Largest Shareholders
104	List of 30 Largest Irredeemable Convertible Unsecured Loan Stocks ("ICULS") Holders
105	List of 30 Largest Warrant Holders
106 - 107	Notice of Annual General Meeting
108	Notice of Dividend Entitlement
109	Proxy Form

Board of Directors

Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin

Dato' Ang Poon Chuan

Dato' Ang Poon Khim

Datuk Ang Poon Seong

Ang See Ming

Chow Hon Piew

Kang Pang Kiang

Tengku Muzzammil Bin Tengku Makram

Chairman, Independent Non-Executive Director

Managing Director

Executive Director

Executive Director

Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

Registered Office

Suite 16-1 (Penthouse Upper), Menara Penang Garden,
42A, Jalan Sultan Ahmad Shah, 10050 Penang

T 604 229 4390

F 604 226 5860

Principal Bankers

HSBC Bank Malaysia Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

Ambank (M) Berhad

Principal Place of Business

Lot 52, Jalan PKNK 1/6,
Kawasan Perusahaan Sungai Petani,
08000 Sungai Petani, Kedah Darul Aman

T 604 441 7888

F 604 441 9888

Audit Committee

Chow Hon Piew (Chairman)

Kang Pang Kiang

Tengku Muzzammil Bin Tengku Makram

Nomination Committee

Chow Hon Piew (Chairman)

Kang Pang Kiang

Share Registrar

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah, 10050 Penang.

T 604 228 2321

F 604 227 2391

Remuneration Committee

Kang Pang Kiang (Chairman)

Dato' Ang Poon Chuan

Chow Hon Piew

Joint Company Secretaries

Ong Tze-En (MAICSA 7026537)
Lau Yoke Leng (MAICSA 7034778)

Auditor

KPMG PLT
Chartered Accountants
Level 18, Hunza Tower,
163E Jalan Kelawei, 10250 Penang.

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Sector : Industrial Products

Stock Name : TGUAN

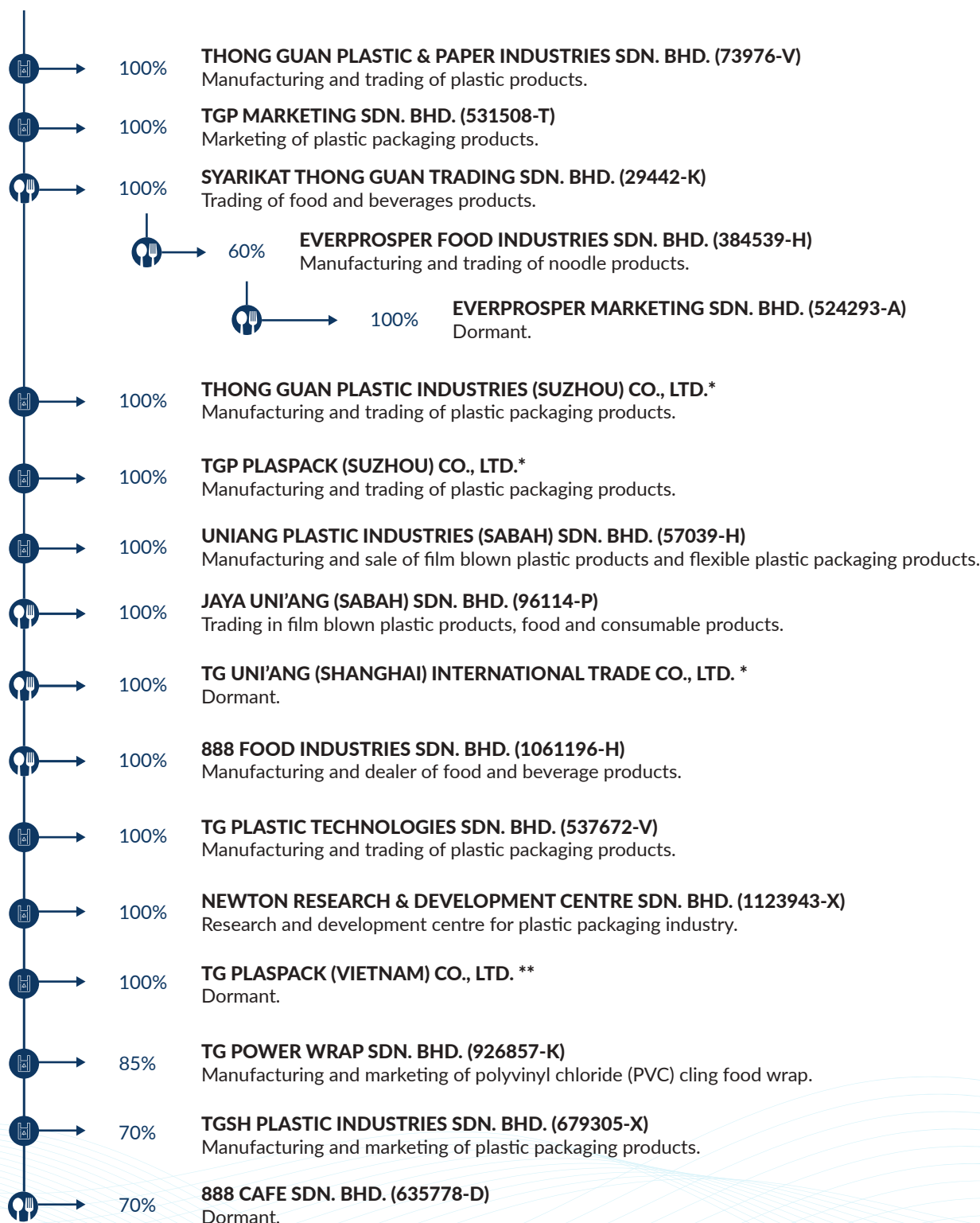
Stock Code : 7034

(Listed since 19 December 1997)

Group Structure & Principal Activities

THONG GUAN INDUSTRIES BERHAD (324203-K)

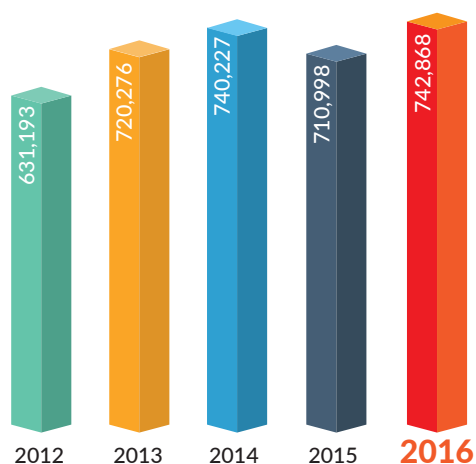
Investment holding activities and trading of plastic and petroleum products.



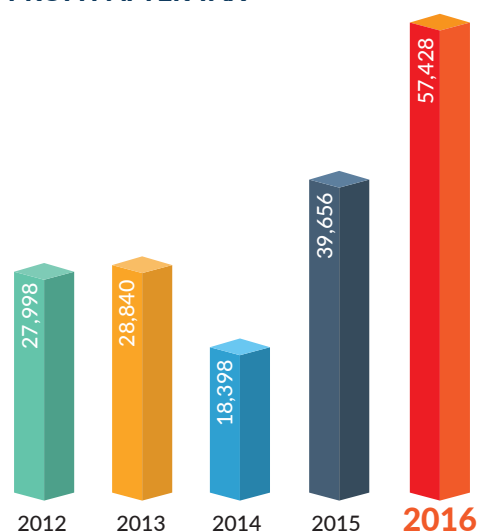
Note: * Incorporated in the People's Republic of China
** Incorporated in the Socialist Republic of Vietnam

Financial Highlights & Indicators

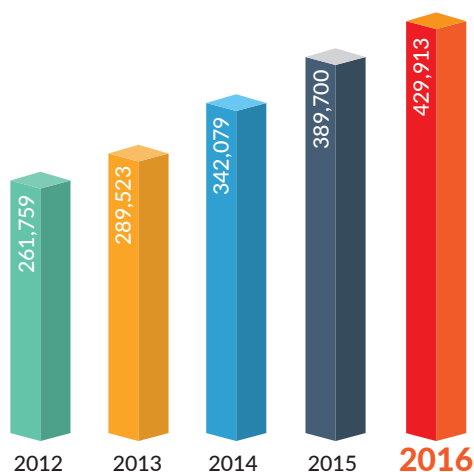
REVENUE
(RM'000)



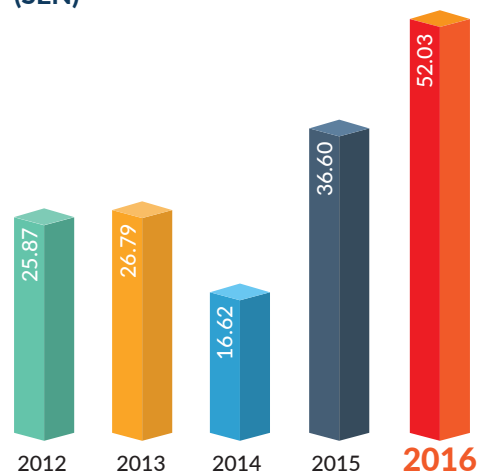
PROFIT AFTER TAX



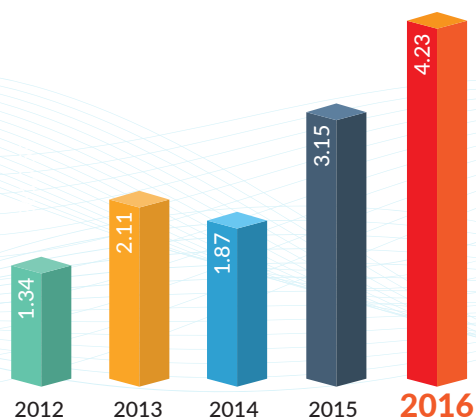
SHAREHOLDERS' EQUITY



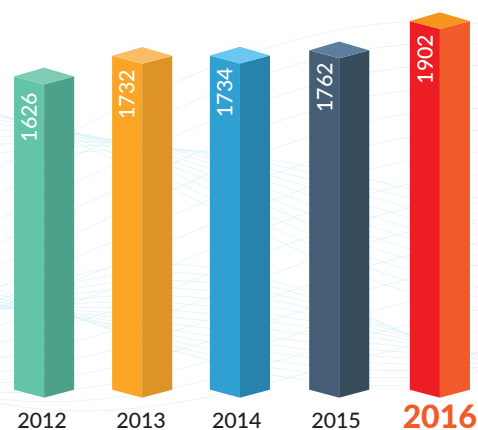
EARNINGS PER SHARE
(SEN)



SHARE PRICE AS AT FINANCIAL
YEAR END (RM)



HUMAN CAPITAL



Financial Highlights & Indicators

In RM'000	2012	2013	2014	2015	2016
Revenue	631,193	720,276	740,227	710,998	742,868
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	46,479	49,412	37,692	62,165	84,515
Profit Before Taxation	29,298	31,837	18,819	43,125	68,144
Profit After Tax	27,998	28,840	18,398	39,656	57,428
Net Profit Attributable to Equity Holders	27,216	28,180	17,483	38,510	55,854
Total Assets	394,035	448,322	547,736	538,428	619,811
Total Borrowings	42,627	49,657	96,883	51,592	56,740
Shareholders' Equity	261,759	289,523	342,079	389,700	429,913

	2012	2013	2014	2015	2016
Return on Equity (%)	10.40	9.73	5.11	9.88	12.99
Return on Total Assets (%)	7.11	6.43	3.36	7.37	9.27
Gearing Ratio (Times)	0.16	0.17	0.28	0.13	0.13
Interest Cover (Times)	35.45	35.34	16.88	31.87	49.59
Earnings Per Share (Sen)	25.87	26.79	16.62	36.60	52.03*
Net Assets Per Share (Sen)	248.81	275.20	325.13	370.40	400.52*
Gross Dividend Per Share (Sen)	7.00	8.00	7.00	9.00	12.00
Price Earning (PE) Multiple (Times)	5.18	7.88	11.25	8.61	8.13
Gross Dividend Yield (%)	5.22	3.79	3.74	2.86	2.84
Share Price as at financial year end (RM)	1.34	2.11	1.87	3.15	4.23

* Divided by weighted average number of ordinary shares at 31 December 2016 of 107,339,643 shares. Refer Note 22 on page 74 to the financial statements.

Management Discussion & Analysis

Overview

The Group remained resilient in financial year ended 31 December 2016 (FY2016) under the vulnerable internal and external business conditions. During the year, the Group continues to strong hold its business directions and enhance its value chain persistently. With the hard work of the management and staffs, the Group grew its revenue to RM742.9 million and reported a remarkable net profit attributable to equity shareholders of RM55.9 million. The basic earnings per share increased from previous year's 36.60 sen to 52.03 sen.

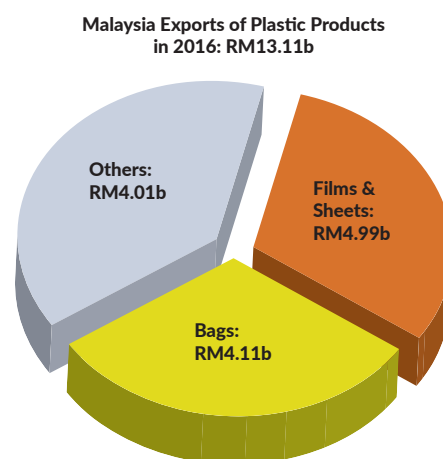
Industry Trends & Development

In general, the industry had a challenging year in 2016. The world economy recorded the lowest growth rate and it was challenging given the subdued global demand and low commodity prices.

The plastics industry registered a total sales turnover of RM27.32 billion in 2016 as compared to RM24.77 billion in 2015. Export market contributed RM13.12 billion (2015: RM12.96 billion) whereas RM14.20 billion (2015: RM11.81 billion) was from domestic market. In reviewing into the products similar to the Group, we noted total export of plastic bags for FY2016 declined by 3.4% to RM4.11 billion, compared to RM4.25 billion in 2015. This is mainly due to environmental policy and increasing consumer awareness in certain EU countries which affects the usage of plastic bags. However, export sector benefited from the weakening of the Malaysian Ringgit against the USD and Euro and this has contributed to the export of plastic films and sheets for the industry to increase by 3.3% from RM4.83 billion in 2015 to RM4.99 billion in 2016.

In the beginning of year 2017, the world crude oil market appeared to be stabilised and the prices is recovering. We expect this would augur well for the ringgit and the Malaysia economy. By now, both the business sectors and consumers should have adapted to the Goods and Services Tax (GST) system which had initially affected their sentiments. However, the operating cost for manufacturers can never be lessen and is always affected by government policy. The Employer Mandatory Commitment (EMC) is expected to come into effect in early 2018. Under the EMC, employers were made responsible to pay for the levy of their foreign workers. The government has also proposed Employment Insurance Scheme (EIS) which is aimed at assisting retrenched workers. Both EMC & EIS will be an additional burden to the already high cost of doing business and will make Malaysian employers less competitive, especially given the challenging economic outlook.

To mitigate the negative impact from increasing cost of operations, the Group has always emphasised on improvement in its manufacturing systems to achieve operational efficiency and excellent product quality. The Group will also continue to invest in advanced machinery, automation equipment, innovative technology and human capital. More aggressive export strategies to capitalise the benefits of weakening ringgit is also vital.



Source: MPMA Industry Report 2016

Financial & Operations Review

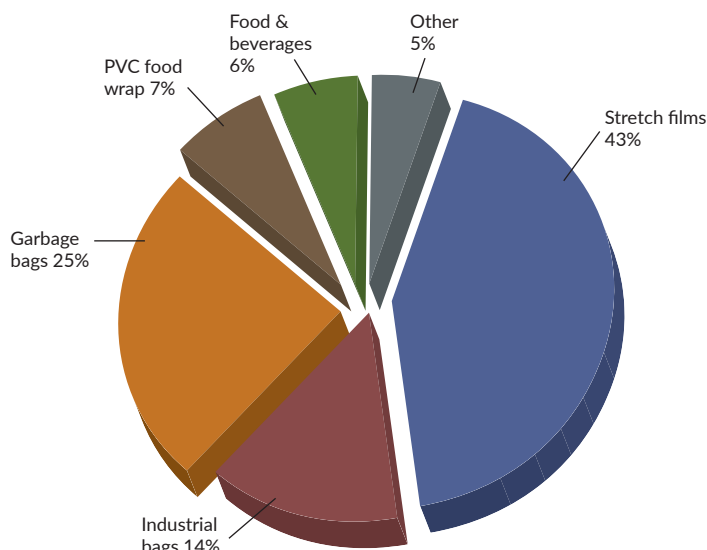
	31.12.2016 RM'000	31.12.2015 RM'000	Variance RM'000	Variance %
Revenue				
Plastic products	690,835	673,669	17,166	2.5
Food, beverages and other consumable products	49,382	36,908	12,474	33.8
Others	2,651	421	2,230	529.7
Group	742,868	710,998	31,870	4.5
Profit before tax				
Plastic products	61,167	38,370	22,797	59.4
Food, beverages and other consumable products	3,212	2,723	489	18.0
Others	3,765	2,032	1,733	85.3
Group	68,144	43,125	25,019	58.0

Management Discussion & Analysis

Overall

The Group reported revenue of RM742.9 million during financial year ended 31 December 2016 ("FY2016"), a growth of 4.5% from RM711.0 million registered in FY2015. The increase in revenue was mainly due to the increase in sales volume of its plastic products and food, beverages and other consumable products. The Group's profit before tax also recorded a historical high at RM68.1 million which is predominantly contributed from its plastic products.

Sales Mix Analysis for the financial year 31 December 2016



Plastic Products

The Group's plastic products comprise of four main categories which are the stretch films, garbage bags, industrial bags and PVC food wrap. The revenue contribution from each category is 43%, 25%, 14% and 7% respectively and in total commanding 89% of total group revenue. There are no significant changes in terms of sales mix as compared to FY2015.

For the FY2016, the increase in revenue was mainly contributed by the higher sales volume of its stretch films, garbage bags and PVC food wrap. Our China operations has also continued to gain strength and contributed positively to the increment in sales volume and profitability.

As compared to FY2015, revenue for plastic products increased by RM17.2 million. However, the plastics products profit before tax recorded an increase of RM22.8 million. The disproportionate incremental in both revenue and profit before tax is mainly due to higher

margin contributed by export sales of mainly premium stretch films, PVC food wrap and garbage bags, which are mostly sold in USD.

From the production capacity perspective, it is anticipated that the Group's stretch film division will further increased by 12,000 MT per annum after the installation of its second unit 33-layered nano-technology stretch film production line. The installation is expected to be completed by third quarter of FY2017. The yearly production capacity will also further increased in its PVC food wrap division by 2,500 MT in FY2017. The PVC division has completed its line 7th installation and line 8th is expected to complete in fourth quarter of the FY2017. Should the increase in capacity from both divisions are fully utilised, this will be converted to an estimated revenue of RM120 million. On the garbage bags and industrial bags division, the management has been mulling on its capacity expansion plan.

Food, Beverages and other Consumable Products (F&B)

Tea and coffee products remains as two main contributors to the F&B division. Out of RM49.4 million revenue in FY2016, tea & coffee products contributed 39.5% & 6% respectively. From the RM12 million growth in revenue, tea products contributed RM0.8 million while RM0.3 million is from coffee products. Fast Moving Consumer Goods (FMCG) market remain competitive and domestic economy continued to face headwinds from the higher cost of living amid soft employment conditions. Consumer spending sentiments were affected by a confluence of global and domestic factors, including the heightened volatility in financial markets and the significant underperformance of the ringgit.

In FY2016, organic noodle products has yet to contribute significantly towards the revenue and profitability of the F&B division. The new manufacturing site in Sungai Petani and its capacity expansion was completed in the second half of the year. Since then the division is focusing on establishing business connection with various interested parties and concurrently applying for various certification. So far we have successfully obtained National Association for Sustainable Agriculture, Australia (NASAA), British Retail Consortium Certification (BRC), Hazard Analysis and Critical Control Point System (HACCP), ISO 22000, China Organic certificate which is certified by China Organic Food Certification Centre (COFCC), U.S. Department of Agriculture (USDA), Japanese Agricultural Standard for Organic (JAS), Good Manufacturing Practice for food (GMP) and Kosher certificate (KA). HALAL certification is expected to be obtained within six months' time.

During this period, the company also launched a baby noodle series: Men No Sato organic baby noodle which has attracted many interested buyers from China, Middle East and Europe. For FY2017, the management is optimistic that most of these enquiries will turned into firm orders and organic noodle products will contribute positively to the F&B division's revenue as well as its profit before tax.



Management Discussion & Analysis

Newton R&D Centre

Newton Research & Development Centre Sdn Bhd (Newton), the only dynamic R&D centre in Asia Pacific region, has completed its set up in FY2016. Newton is set up with passion for safe logistics and load stability to help businesses striving for two ultimate goals which is “zero injuries” & “damage free goods” during transportation.

Four aspects of Newton's core business are:

- Consulting Services for Secondary & Tertiary Packaging
- Training & Education Centre
- Product Development
- Validation & Certification

Till to date, Newton has invested more than RM5.0 million in both dynamic and static R&D equipment. The milestone for Newton since set up include:

- In collaboration with Dow Chemicals Company, Newton offers “Protection Plus” program – An industry program designed to help brand owners, manufacturers and distributors deliver goods with minimal waste; but moving them safely and reliably on roads, rail, sea and air.
- Public presentation on Protection Plus for Transportation Safety at Philippine National Public Key Infrastructure and Packaging Forum - at Robinson's Galeria.
- Public presentation with topic “Globalizing Load Stability and Safety: Top-Notch Warehouse-to-Shelf Solution during 5th GLCS Logisym, 12-13 October 2016 at Kuala Lumpur, Malaysia. This Global Logistics & Supply Chain Symposium is a platform for mid to senior level shippers to explore innovations, excellence and what changes can be expected to see in tomorrow's supply chain.
- Provide training on “Pallet Load Stability & Integrity” to our customers and suppliers locally and in overseas.



Dividends

On 18 August 2016, the Company paid a final single tier ordinary dividend of 9 sen per ordinary share, totalling RM9,474,390 in respect of the FY2015. On 28 October 2016, the Company paid an interim single tier ordinary dividend of 6 sen per ordinary share, totalling RM6,317,153 in respect of the FY2016. A final single tier dividend of 6 sen per ordinary share in respect of the FY2016 has been recommended by the Directors for the approval of the shareholders at the forthcoming Annual General Meeting.

Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

15 October 2014 marked the successful completion of the Group's issuance of RM52,602,250 nominal value of 5-year 5% ICULS at 100% of its nominal value together with 26,301,106 free warrants. The ICULS may be converted into new TGIB shares on any market days from its second anniversary date which falls on 10th October 2016. As at 29 March 2017, total of 14,016,023 ICULS were converted into TGIB shares.

Business Outlook

We expect the Group performance in FY2017 is sustainable based on current market condition. We anticipate that US Dollar will continue its stable position and this will contribute positively to our profit margin. Barring any unforeseen circumstances, it is foreseeable that all of the Group's business divisions will be able to continue its growing trend.

Appreciation

We would like to extend our sincere appreciation to all our investors, valued customers, vendors, bankers and relevant authorities. The Group also takes this opportunity to acknowledge the contributions of our management and staff members who have worked aggressively to help us achieve our goals. Not to forget a heartfelt gratitude to the Board of Directors for its invaluable counsel and guidance. We will strive to present better results in the coming financial year.



Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin

aged 50, Male, Malaysian,
was appointed as the Independent Non-Executive Director
and Chairman on 25 August 2016.

He graduated with a Bachelor of Laws Degree from Brunel University, London and is a Barrister from the Inner Temple, England. He started his career at Sime Darby Berhad in 1992 and was attached to the Corporate Planning and Legal Department. Later, he moved on to the Industrial Relations Department. In late 1994, upon completion of his pupillage at Messrs Shearn Delamore & Co, he was admitted as an Advocate and Solicitor of High Court of Malaya. In 1997, he joined Pesaka Jardine Fleming Sdn Bhd (PJF), a financial advisory company. At PJF, he was involved in compliance, secretarial and legal matters. In late 1999, he joined the Malaysian Communications and Multimedia Commission's the Legal Department until he left in 2010 as the Head of Legal and Secretarial Department. He is currently a partner in the legal firm, Messrs Kamil Hashim Raj & Lim.

As his appointment to the Company was on 25 August 2016, he attended one Board meeting held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He is the cousin of Tengku Muzzammil Bin Tengku Makram, Independent Non-Executive Director. He has no conflict of interest with the Company. He has no conviction for any offences.



Dato' Ang Poon Chuan

aged 73, Male, Malaysian,
Managing Director on 18 September 1997/ Key Senior Management

He completed his MCE prior to joining Thong Guan as a Marketing Executive in 1965. He rose through the ranks to the position of Managing Director' of Syarikat Thong Guan Trading Sdn Bhd and Thong Guan Plastic & Paper Industries Sdn. Bhd. (both are currently wholly-owned subsidiaries of TGI) in 1983. During his 52 years of service, he has gained extensive knowledge of the plastic, paper, food, beverages and trading business and has developed invaluable business acumen and foresight that has shaped TGI to its present stature. He is a well-respected figure in the plastic industry and was the former President of the Malaysian Plastics Manufacturers Association (Northern Branch).

He serves as a member of the Remuneration Committee. He has attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Khim and Datuk Ang Poon Seong. He is a major shareholder of Foremost Equals Sdn. Bhd. which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.

Dato' Ang Poon Khim

aged 63, Male, Malaysian,
Executive Director' on 18 September 1997/
Key Senior Management

He obtained a Bachelor of Science (Hons) degree in Mechanical Engineering from Teeside Polytechnic, United Kingdom in 1980. He joined Thong Guan in 1981 after a spell as a Process Engineer at Advance Micro Devices (Export) Sdn. Bhd. He has contributed to the product development of TGI. He is presently the Executive Director and is responsible for overseeing the production and sales functions of TGI.

He has attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Datuk Ang Poon Seong. He is a major shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.



Datuk Ang Poon Seong

aged 61, Male, Malaysian,
Executive Director on 18 September 1997/
Key Senior Management

He is the Managing Director of Jaya Uniang (Sabah) Sdn. Bhd. and Uni'ang Plastic Industries. (Sabah) Sdn. Bhd., both are currently wholly-owned subsidiaries of TGI. He completed his MCE and joined Thong Guan as a Marketing Executive in 1976 and was tasked to spearhead the Company's expansion in Sabah in 1980. Under his stewardship, the Sabah operations of TGI Group has grown to be the largest plastic packing manufacturer in Sabah. He is also the President of the Malaysian Plastics Manufacturers Association (Sabah Branch) and was the former President of the Federation of Sabah Manufacturers.

He has attended all the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Dato' Ang Poon Khim. He is a major shareholder of Foremost Equals Sdn. Bhd. which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.





Mr. Ang See Ming

aged 47, Male, Malaysian,

Executive Director on 11 December 2013/ Key Senior Management

He holds a Bachelor of Business (Accounting) from Monash University, Australia. He joined TGI in 1993 as an Accounts Executive and rose through the ranks to become the General Manager prior to his appointment to the Board. He was instrumental in planning the listing of TGI on the Kuala Lumpur Stock Exchange and has contributed immensely to the growth of TGI especially in the fields of finance, taxation, project planning and implementation, information technology, operation and marketing.

He has attended all of the four Board meetings held for the financial year. He is the son of Dato' Ang Poon Chuan and the nephew of Dato' Ang Poon Khim and Datuk Ang Poon Seong. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.



Mr. Chow Hon Piew

aged 63, Male, Malaysian

Independent Non-Executive Director on 30 August 2013

He graduated with a Diploma in Business Studies and a Masters of Business Administration from the University of Strathclyde, Glasgow, United Kingdom and is also a Fellow member of the Institute of Chartered Management Accountants. He started his career as a Assistant Management Accountant at Matthesons Meats Ltd, a multi-national meat processing company in London prior to his return to Malaysia. He had served as the Group Accountant and rose to the position of Managing Director of Poly Glass Fibre (M) Bhd prior to his retirement in December 2012.

He serves as the Chairman of the Audit Committee and Nominating Committee and a member of the Remuneration Committee. He has attended all the four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He had no conviction for offences within the past 10 years.

Mr. Kang Pang Kiang

aged 45, Male, Malaysian,
Independent Non-Executive Director on 30 August 2013

He obtained his Bachelor of Commerce and Bachelor of Science degrees from the University of Auckland, New Zealand. He is a Fellow member of the Associate of Chartered Accountant, New Zealand and Member of the Malaysian Institute of Accountants. He started his career with Ernst & Young. He has experience in providing auditing, tax consultation and business advisory services to various clients, which include multinational companies. He joined EG Industries Group in 1999 with more than 10 years of experience in financial management, corporate restructuring exercises, financial planning, compliance and reporting, risk management and investor relations. He played a key role in the formulation and implementation of EG Industries Group's strategic cost reduction plan and was also responsible for the group's corporate finance, finance management and financial strategies.

He serves as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. He is also Group Chief Executive Office/ Executive Director of EG Industries Berhad, a Company listed in Bursa Malaysia Securities Berhad. He has attended all the four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He also sits on the Board of EG Industries Berhad. He had no conviction for offences within the past 10 years.



Tengku Muzzammil Bin Tengku Makram

aged 43, Male, Malaysian,
Independent Non-Executive Director on 25 August 2016

He graduated with Diploma in Business Studies and Diploma in Marketing from Stamford Group of Colleges. He started his career at Pembinaan Jayabumi (S) Sdn Bhd in 1996 as Marketing Executive. Thereafter, in 1997, he assumed the role as Special Project Executive in FACB Berhad. In 1998, he joined R. AT Design Sdn Bhd as an Assistant Manager and was promoted to General Manager in 2002. He then joined Premont Corporation Sdn Bhd in 2002 as the Managing Director. He is the owner of TM Med Sdn Bhd which specialises in the provision of medical supplies to Government hospital and is currently the Vice President of Corporate Affair and Communication in Haisan Berhad.

He serves as the member of the Audit Committee. As his appointment to the Company was on 25 August 2016, he attended one Board meeting held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He is the cousin of Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin, Independent Non-Executive Chairman. He has no conflict of interest with the Company. He had no conviction for offences within the past 10 years.



Corporate Social Responsibility

The Group recognizes the need to strike a harmonious balance between its business pursuits and its corporate social responsibility. The Group has incorporated this need into its core values in creating a synergy to be an active corporate citizen.

We recognise that sustainability is primarily about carrying out our business operations responsibly and that companies can make a positive impact in the community through investment in education, sports, community care, environmental projects and occupational safety and health.

In 2016, we continued to support educational, charitable and other meaningful social causes through direct donations and in-kind support. Through these efforts, we hope to not only foster community spirit but also encourage our employees and business associates to be actively involved in these programmes.

Education

Every year, the Group recruits students for its internship initiative where students from colleges, technical schools and universities from both local and overseas are selected for industrial and practical training in the Group's operations. Under this initiative, more than 30 students have been engaged in various departments including production, engineering, quality assurance, research and development and as administrative supports. The Group has also embarked on offering vacation job opportunities for students during their long semester breaks.

Besides providing students the opportunity to put in practice their learning, the internship programme is an educational platform for hands-on experience and on-the-job training. The initiative also gives students a head start in their career when suitable trainees are offered job opportunities upon completion of their tertiary studies.

Community Care

In our commitment towards community development and life-long education, the Group welcomes social groups and learning institutions to our manufacturing plants, both to our plastic packaging and beverage processing factories for educational trips.

In 2016, we also took on an initiative to support the underprivileged and less fortunate with donation in goods and cash. We support Persatuan Kanak-Kanak Khas Sungai Petani's fundraiser by giving cash donation to the school as part of our company's corporate social responsibility initiatives. We support education. We make cash donation to Sekolah Menengah Sin Min (P) and Sekolah Menengah Jenis kebangsaan Sin Min and others cash donation to various non-profitable and charitable institutions including schools and sports associations within the Sungai Petani, Kedah area.

Boost for special kids
Charity holds successful fundraiser

Dr Joseph (second left) receiving an appreciation gift from Poon Chuan during the Caring Hearts Dinner in Sungai Petani, Kedah. With them are Chew Yin Hui and Poon Khim.

A CHARITY which runs a school for the mentally challenged in Sungai Petani, Kedah, can breathe easier now after collecting RM200,000 from a fundraising dinner.

Some 600 people attended the Persatuan Kanak-Kanak Khas (PKKK) Caring Hearts dinner which was held at SJKC Jin Kwan school hall in Bakar Arang on Saturday.

The biggest contribution was Thong Guan Industries Ltd which kickstarted the fund-raising by giving RM30,000 as part of the company's corporate social responsibility initiative.

Its managing director Ang Poon Chuan and group operations director Datoh Ang Poon Khim were among those present at the dinner.

The guest of honour was Women, Family and Community Development Deputy Minister Datuk Paduka Chew Mei Fun, who announced that her Ministry through the Welfare Department, approved a RM182,160 grant to PKKK this year.

She said the ministry had given out grants totaling RM18.7m to 194 community welfare centres throughout the country from January to May this year.

"Of the amount, 77 centres for children received RM18m," Chew said in her speech.

PKKK chairman Dr Joseph Anil thanked the donors for their generous contribution, saying that the association had come a long way to build and maintain the special school in Taman Nuri.

"PKKK was set up in 1982 as a daycare centre in a rented bungalow in Sungai Laya by a group of concerned citizens.

"Their aim was to provide for the needs of five mentally challenged children of various races.

"In 1984, PKKK with more children under its care moved to Taman Nuri.

PKKK was set up in 1982 by concerned citizens. Their aim was to provide for the needs of mentally challenged children of various races.

Dr Joseph Anil

"It now has 49 students aged between five and 23," he said.

He said the children were happy that the school could now continue operating and providing them the necessary education and care.

"We teach them reading, writing, mathematics and hands-on skills besides providing free meals.

"Our monthly operational cost comes up to about RM25,000. This includes salaries for seven teachers, a cook and a watchman.

"We have never collected any school fees from the parents of the special children attending the school," Dr Joseph said in his speech.

Guests at the dinner were also treated to singing and dancing performances by the school's students.

Long-serving members of the association were given tokens of appreciation.

The students include those with Down Syndrome, autism and cerebral palsy as well as those who are hyperactive and slow learners.



Occupational Safety and Health, and the Environment

The Group is committed to continue our efforts in creating a safe and healthy working environment and efficient environmental management system towards sustainable business planning and development.

We recognize that we have a commitment to the people who use our products and to the people we employ. We have taken a number of steps to move our businesses towards more environmentally and socially responsible practices. We ensure the safety and health of our employees while they are at work by complying with the standards laid down in the Malaysian Occupational Safety and Health Act, 1994 as well as the Environment Quality Act, 1974.

In 2006, both our factories in Malaysia and in China were accredited the ISO14001 and in 2007, the plastic packaging factory in Sungai Petani was awarded the OHSAS18001. In line with this, we believe that integrating environmental, health and safety considerations into our business practices helps us to improve efficiency, increase our value as a business Group and grow our business in an ethical and sustainable manner.



Statement On Corporate Governance

The Board of Directors ("the Board") is committed to maintain good corporate governance throughout the group in its effort to ensure long-term sustainable growth and to safeguard, protect and enhance shareholders' value.

The Statement on Corporate Governance will set out how the Company has applied the principles and recommendations and the approach the Board will take to steer the Company to apply such principles and recommendations to governance as prescribed by the Malaysian Code on Corporate Governance (MCCG 2012).

Principle 1: Establish Clear Roles and Responsibilities

1.1 Clear Functions of the Board and Management

The Board takes full responsibilities for the overall performance of the Group by providing leadership and direction as well as management supervision. As a whole, the Board is the ultimate decision making body. Further to its legal responsibilities, the Board assumes full responsibility for the Group's strategic direction, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group's internal control systems and management information systems, establishing goals for management and monitoring the achievement of these goals.

The Board has established 3 Board Committees ('Committees') to assist in the performance of its stewardship duties under specific terms of reference. The Committees established are the Audit Committee, the Nominating Committee and the Remuneration Committee. These Committees comprised mostly Non-Executive Directors with a majority being Independent Non-Executive Directors ("INEDs"). The composition of the Board and Board Committees are more particularly described under Principle 2 and section 3.5 of this statement.

All decisions and deliberations at Committee level are documented by the Company Secretary in the minutes of various committees meetings. The Chairman of the Board Committees reports on the outcome and recommendations of the Board Committee meetings to the Board for further deliberation and approval. Such reporting and ensuing deliberation, if any, is detailed in the minutes of Board meeting. The Committees' function is to principally assist the Board in the execution of its duties and responsibilities to enhance operational and business efficiency and efficacy. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and enhance its efficacy.

1.2 Clear Roles and Responsibilities

The Board has responsibilities which are discharged in the best interests of the Company in pursuance of its regulatory and commercial objective. The key responsibilities of the Board are include:

a) Reviewing and adopting the Company's Strategic plans

The Board is collectively responsible for oversight and overall management of the Group. The Directors are normally involved in the deliberation of the overall Group strategy and direction, major acquisition and/or divestment, approval of major capital expenditure, consideration of significant financial matters and review of financial and operating performance of the Group.

b) Overseeing the conduct of the Company's business

The Executive Directors are responsible for the day-to-day operational management of the Group, implementing the policies and decisions of the Board, overseeing business operations as well as coordinating the development and implementation of business and corporate strategies. On the other hand, the INED do not engage in the daily management of the Group. Their presences bring objectivity and independence to any evaluation of strategic performance or resources related issues. In this manner, the INEDs fulfil a crucial corporate accountability role as they provide independent and objective views, opinions and judgment on issues being deliberated.

The Board has yet to have descriptions for certain Board positions and also the corporate objectives for which the Executive Directors are responsible to meet. Having due note of that, the Board is of the opinion that the Managing Director, with the assistance and support from the Executive Directors and key management, is responsible for the day-to-day operations of the Group and represents Management to the Board.

c) Identifying principal risks and ensuring the implementation of appropriate systems to manage them

The management, with the assistance from the Internal Audit Department ("IAD"), has implemented the Enterprise Risk Management processes and formed a Risk Management Committee to identify, assess and monitor risks impacting the Group's business and supporting activities.

The detail of the risk management are set out in the Statement on Internal Control and Risk Management of this Annual Report. Internal control system of the Company.

Statement On Corporate Governance (continued)

d) Succession planning

The Board, through the Nomination Committee ("NC"), is responsible for ensuring that there is effective and orderly succession planning in the Company. The TOR of the NC provide the responsible for formulating nomination, selection and succession policies for the Directors and also Chief Financial Officer.

e) Reviewing the adequacy and integrity of the management information and internal control system of the Company

The Board acknowledges its responsible for the adequacy and integrity of the Groups' internal control system. Details pertaining to the Groups' internal control system and its effectiveness are available in the Statement on Internal Control and Risk Management of this Annual Report.

1.3 Formalise Ethical Standards through a Code of Conduct and Ethics

A Code of Conduct, which outlines the conduct and responsibilities of both Management and employees, is in place. An Employee Handbook, which contained various human resource policies, serve as a guide for Management and employees of the Group and ensured that accepted code of conduct as well as employee responsibilities are practiced. It also sets out the prohibited activities or misconduct involving gift, gratuities, bribes, dishonest behaviour, confidentiality of information and sexual harassment.

There is also a platform in place for employees and Management to report on any grievances and or wrongdoing by employees and or Management. Insofar as the Board is concerned, the Directors have a duty to declare immediately to the Board and abstain from further discussion and decision-making process should they be interested in any transaction to be entered into by the Group and or whenever there is a potential conflict arising from any transactions which involved the interest of the Directors.

Similar with the Board Charter, the Board perhaps to adopt Whistle Blower Act directly and is working for the code for Directors for adoption and subsequent disclosure on corporate website.

1.4 Strategies Promoting Sustainability

The Board recognises the importance of sustainability vis a vis the environment, governance and social context and its increasing impact to its businesses. The Board is committed to understanding and has vigorously implemented sustainable practices to benefit its businesses whilst attempting to achieve the right balance between the needs of the wider community, and the requirements of shareholders and stakeholders.

It is the normal practice of the senior management team to conduct annual review of group performance, refine business strategies and set targets, both qualitative and quantitative, in consultation with the Managing Director and Executive Directors. To that end, the Board is in the process of formulating a Sustainability Policy.

From a social context, employees' welfare, financial contribution and participation in community activities are part and parcel of the Group's commitment as a responsible corporate citizen. The Group acknowledges the contribution of its employees and strive to improve their welfare and benefits. All recruits undergo induction program to familiarise themselves with the Group's background, policies, structure, products and services. There is an established performance review process to reward deserving employees with competitive remuneration packages, increment and bonus. In addition, confirmed employees are entitled to personal accident, medical and hospitalisation benefits at the Group's expense. There is an emphasis on continuous employees' training and professional development with various training programs continuously organised throughout the year to enhance skills and knowledge. Company dinners are organised to foster relationship amongst employees and Management. Long service awards are conferred to Management and employees as a token of appreciation for their continued loyalty, support, dedication and contribution to the Group.

All operations of the Group are conducted within the ambit of the various legislations in the countries where the Group operates.

1.5 Access to Information and Advice

The Chairman ensures that all Directors have full access to information with Board papers and agendas on matters requiring the Board's consideration issued with appropriate notice in advance of each meeting to enable Directors to obtain further explanations from the Managing Director or his management team, where necessary, in order to be briefed properly before the meetings. Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Management is invited to provide Directors with updates on business and operational matters or clarify items tabled to the Board. Verbal explanation and briefings are also provided by management to enhance understanding of the matters under discussions.

All Directors have access to the advice and services of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in discharge of their duties, at the Company's expense.

Statement On Corporate Governance (continued)

1.6 Qualified and Competent Company Secretaries

All the Directors have unrestricted access to all information within the Group and to the advice and service of the Company Secretaries. The Company Secretaries, who are qualified and experienced, advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and the potential impact and implications arising there from. The Company Secretaries also ensure that deliberations at Board and Board Committee meetings are well documented.

The Company Secretaries constantly attend relevant conference or training programmes to ensure themselves abreast of the changing in business environment, regulatory changes and development in corporate governance. They also attended relevant professional development programmes as required by the Companies Commission of Malaysia or Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) for practising company secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its function.

1.7 Board Charter

The Board acknowledges the need to establish a point of reference for Board activities through a Charter as recommended by the MCCG 2012. As such, the Board is taking the necessary steps to revise such a Charter to clearly define the roles of the Board, Board Committees and Management in order to provide a structured guidance regarding their various responsibilities including the requirements of Directors in carrying out their leadership and supervisory role and in discharging their duties towards the Group as well as boardroom activities. An abridged version of the Board Charter will be made available on the Company website www.thongguan.com.

Principle 2: Strengthen the Composition

2.1 Nominating Committee

The Nominating Committee is chaired by an INED and the Committee consists of 2 INEDs. The Nominating Committee shall meet at least once in a financial year or more frequently if deemed necessary.

The Nominating Committee currently comprised the following:

Name	Position
Chow Hon Piew	Chairman
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (retired on 26 May 2016)	Member
Kang Pang Kiang	Member

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

The Nominating Committee's mandate expressed through its terms of reference is to bring to the Board; recommendations on the appointment of new Directors, review of the Board structure, size, composition as well as systematic assessment of the effectiveness and contribution of the Board, its Committees, and individual Directors on an annual basis. The Nominating Committee is empowered to seek professional advice within or outside the Group as it deem necessary to discharge its responsibilities.

During the financial year ended 31 December 2016, the Committee met on two (2) occasion and resolved the following key activities:-

- Conducted the annual assessment of the Directors, Board, Board Committee and Chief Financial Officer,
- Deliberated the appointment for new Independent Non-Executive Directors; and
- Recommended the re-appointment, re-election and retention of Directors.

The Nominating Committee also systematically assesses the effectiveness of the Board, the Committees of the Board and contribution of each individual Director and reviews the required mix of skills, experience and other qualities, including core competencies of the members of the Board on an annual basis. The assessment also considered the qualifications, contributions and performance of Directors and Chief Financial Officer in meeting the needs of the Group based on the criteria of competency, character, time commitment, integrity and experience as set out under paragraph 2.20A of the Listing Requirements.

The Board is committed to ensuring diversity and inclusiveness in its composition and deliberations. The present Board composition reflects the broad range of experience, skills and expertise necessary for the success of the Group and the importance of independent judgment and opinion at Board level.

The Board acknowledges the recommendation of the Code on gender diversity. However, the Board has yet to establish a specific policy on setting targets for women representation. The Board believes it is not necessary to adopt a formal diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group. The evaluation of the suitability of candidate is based on the candidate's competency, character, time commitment, integrity, performance and experience to bring value and expertise to the Board. The Nominating Committee will however continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.

Statement On Corporate Governance (continued)

The Committee met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's Annual General Meeting (AGM). New appointees will be considered and evaluated by the Nominating Committee. The Committee will then recommend the candidates to be approved and appointed to the Board. The company secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The director who is subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the Nominating Committee before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee is based on the annual assessment conducted. The Articles of Association of the Company requires that all Directors shall be subjected to re-election by shareholders at the first opportunity after their appointment and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation at least once in every three (3) years at the AGM.

The Board, together with the Nominating Committee, will also formalise a guide to be used during annual assessment, recruitment and the induction processes for Directors.

2.3 Remuneration Committee

The Remuneration Committee consists of three members, the majority of whom are Independent Non-Executive Directors.

The Remuneration Committee currently comprised the following:

Name	Position
Kang Pang Kiang	Chairman
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (retired on 26 May 2016)	Member
Chow Hon Piew	Member
Dato' Ang Poon Chuan	Member

The Remuneration Committee met once during the financial year with the full attendance by all members of the Remuneration Committee. The adoption of remuneration packages for the Executive Directors, however, is a matter for the Board as a whole, with individual Directors abstaining from decision making in respect of his remuneration package.

The Remuneration Committee is authorised, inter-alia, to recommend to the Board the remuneration packages for the Executive Directors of the Company and set up a broad policy or framework for all elements of remuneration for the Directors.

The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them. Non-Executive Directors are paid fixed annual fees as members of the Board and Board Committees. The Directors' fees are approved annually by the shareholders of the Company.

The aggregate remuneration, with categorisation into appropriate components and distinguishing between Executive and Non-Executive Directors, paid or payable to all Directors of the Company for the financial year ended 31 December 2016 is as follows:

Company	Executive Directors	Non-Executive Directors ¹
Salaries (RM'000)	69	-
Bonus & Other Allowances (RM'000)	20	48
EPF Contributed by Employer (RM'000)	10	-
Fees (RM'000)	120	95
Total (RM'000)	219	143

Group	Executive Directors	Non-Executive Directors ¹
Salaries (RM'000)	1,891	-
Bonus & Other Allowances (RM'000)	703	48
EPF Contributed by Employer (RM'000)	196	-
Fees (RM'000)	289	95
Total (RM'000)	3,079	143

Note:-

¹ Inclusive of remuneration to INED who left on 26 May 2016 and 2 INEDs appointed on 25 August 2016

Statement On Corporate Governance (continued)

The number of Directors whose total remuneration falls within the following bands is as follows:

Company	No. of Directors	
	Executive Directors	Non-Executive Directors ¹
Range of Remuneration		
Below RM50,000	3	5
RM100,001 to RM150,000	1	-

Group	No. of Directors	
	Executive Directors	Non-Executive Directors
Range of Remuneration		
Below RM50,000	-	5
RM400,001 to RM450,000	2	-
RM1,050,001 to RM1,100,000	1	-
RM1,100,001 to RM1,150,000	1	-

Note:-

¹ Include remuneration to INED who left on 26 May 2016 and 2 INEDs appointed on 25 August 2016

The Board has opted not to disclose each Director's remuneration as it considers such information sensitive.

The Board is in the process of establishing a Remuneration Policy and Procedure to facilitate the Remuneration Committee to consider and recommend to the Board for decision the remuneration packages of the Executive Directors. Going forward, the Remuneration Committee would take on the task of reviewing and recommending the compensation structure of the Board for both Executive and Non-Executive Directors.

Principle 3: Reinforce Independence

3.1 Annual Assessment of Independent Directors

The Board, through the Nominating Committee, assesses the independence of the INEDs annually. Based on the assessment carried out for financial year ended 31 December 2016 the Board is generally satisfied with the level of independence demonstrated by the INEDs and their ability to act in the best interests of the Company.

3.2 Tenure of Independent Directors

The Board's view on independence is in accordance with the definition of an independent director under para 1.01 and Practice Note 13 of MMLR of Bursa Securities. The present INEDs fulfils the key criteria of appointment as they are not a member of management, free of any relationship that could interfere with exercise of independent judgment or ability to act in the best interest of the Company.

The Company does not have term limits for all Directors presently as the Board is of the opinion that continued contribution by Directors provides benefit to the Board and the Group as a whole. The MCCG 2012 provides a limit of a cumulative term of 9 years on the tenure of an Independent Director.

However, an INED may continue to serve the Board upon reaching the 9-year limit subject to re-designation as a Non-INED. In the event the Board intends to retain the said INED as independent after the latter has served a cumulative term of 9 years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is entrusted to assess the candidate's suitability to continue as an INED based on the criteria on independence.

3.3 Shareholders' Approval For Retaining Independent Non-Executive Directors

Currently, none of the INEDs of the Company has served the Board for nine years. Hence, no shareholders' approval will be sought for this purpose at the forthcoming 22nd AGM.

3.4 Separation of Positions of Chairman and Managing Director

The role of Chairman and the Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authorities. The Chairman is responsible for ensuring Board effectiveness and conduct while the Managing Director will have overall responsibilities over the operating units, organizational effectiveness, implementation of Board policies and decision in achieving the corporate objectives of the Group.

The presence of INEDs also provides an element of objectivity, independent judgement, view and check and balance on the Board as well as to safeguard the interest not only of the Group, but also minority shareholders, employees, customers, suppliers and the community in general.

Statement On Corporate Governance (continued)

3.5 Composition of the Board

The Board comprised 7 Directors as at the date of this Annual Report and are as follows:

Independent Non-Executive Chairman	Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin
Managing Director	Dato' Ang Poon Chuan
Executive Directors	Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming
Independent Non-Executive Director	Tengku Muzzammil Bin Tengku Makram Chow Hon Piew Kang Pang Kiang

Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and excellence. Brief profiles of the Board members are presented under "Profile of Directors" section in this Annual Report.

Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah retired on 26 May 2016 from the Board as well as from the Audit, Remuneration and Nominating Committees. The Board of Directors had appointed Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin and Encik Tengku Muzzammil Bin Tengku Makram as INEDs on 25 August 2016.

The current Board has a balanced mix of skills, relevant expertise and professional experience. The Directors, with their different background and specialisations, collectively bring with them a wide range of experience and expertise in areas such as finance, general management, marketing and operations.

The Board is of the opinion that it is not necessary to have a majority of INEDs forming the board as the Directors are seasoned business leaders who exercise objectivity and independence of opinions in arriving at their decisions and that Board deliberations are collegial and inclusive with ultimate aim of objective review of priorities and proposals. The Chairman solicits the opinion of fellow Board members before seeking consensus on decisions. Following the retirement of Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah on 26 May 2016, the Board appointed Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin as Independent Non-Executive Chairman.

Principle 4: Foster Commitment

4.1 Time Commitment

The Board normally meets at least 4 times annually at quarterly intervals. Under exceptional circumstances owing to urgent and important issues at hand, additional meetings are convened between the scheduled meetings with sufficient notices.

During the year under review, the Board held 4 meetings to deliberate and decide on various issues. The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of the meetings.

Details of attendance of each Director on the Board meeting and respective Board Committees' meeting during the year under review are as follows:

	Board	Committees		
		Audit	Nominating	Remuneration
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah ¹	1/2	1/2	0/1	0/1
Dato' Tengku Sarafudin Badlishah Bin Dato' Seri Diraja Tan Sri Tunku Sallehuddin ²	1/1	-	-	-
Tengku Muzzammil Bin Tengku Makram ³	1/1	1/1	-	-
Dato' Ang Poon Chuan	4/4	-	-	1/1
Dato' Ang Poon Khim	4/4	-	-	-
Datuk Ang Poon Seong	4/4	-	-	-
Ang See Ming	4/4	-	-	-
Chow Hon Piew	4/4	4/4	2/2	1/1
Kang Pang Kiang	4/4	4/4	2/2	1/1

Notes:

All Board members met the minimum percentage required for Board meeting attendance as prescribed under MMLR of Bursa Securities during the period under review.

¹ Retired from the Board as well as Audit, Remuneration and Nominating Committee on 26 May 2016

² Appointed as INED and Chairman of the Board on 25 August 2016

³ Appointed as INED and member of Audit Committee on 25 August 2016

Statement On Corporate Governance (continued)

The Company Secretary will convene, upon request of any Board members, special Board meetings to discuss any urgent issues. Agenda for Board meetings are set by the Company Secretary in consultation with the Chairman, as appropriate. In between meetings, whenever required, decisions are taken by way of Directors' Circular Resolutions.

In the absence of a formal protocol on induction, acceptance of new Directorship and time commitment, a Director accepting new directorships will notify the Board ahead of his new appointment. The Board, through the Nominating Committee ensures that recruits to the Board are individuals of calibre, with the necessary experience and knowledge to meet the expectations of the Board as a Director of the Company. Although there are no formal training or orientation programmes for Directors, they are briefed at the major locations of the Group's manufacturing plants to acquire an understanding of the Groups' operations. The Board took the view that familiarization visits to the various operational sites would equip the Directors with a working understanding of the Group's operations. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environments and business dynamics and therefore able to contribute effectively in the Board's deliberations.

4.2 Annual Assessment of Independent Directors

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. The Company Secretary circulates relevant guideline to update the Directors on statutory and regulatory requirements and changes from time to time. Internal briefings were also conducted for the Directors on key corporate governance developments and salient changes to the MMLR.

Pursuant to para 15.08(2) and Appendix 9C (Part A, para 28) of MMLR, some of the Directors had, during the year under review, attended the following training programs, seminars and international trade exhibition:-

Areas	Seminar / Programs
Production/ Plastics	<ul style="list-style-type: none">• Evolution Blown Film Line 5-2400• Sino-Pack 2016 - The 23rd China International Exhibition on Packaging Machinery & Materials• Specialty Packaging Film Asia 2016• Chinaplas 2016 - The International Exhibition on Plastics and Rubber Industries• K 2016 International Plastic & Rubber Trade Fair• Pack Expo International
Finance, Taxation & Governance	<ul style="list-style-type: none">• Amendment to Bursa Malaysia Listing Requirement - With Latest Cases on Directors Duties• The New Companies Act 2016: Revamp toward Modernization
Management	<ul style="list-style-type: none">• GLCS LogiSYM Malaysia

All Directors have complied with the provision of MMLR in relation to Mandatory Accreditation Program.

Principle 5: Uphold Integrity in Financial Reporting

5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects, primarily through the annual financial statements and quarterly announcements of the results to shareholders as well as the Chairman's Statement in the annual report. The Directors are responsible in ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

The Audit Committee is to aid the Board in discharging its duties on financial reporting by overseeing the processes for production of the financial data, reviewing and monitoring the integrity of the financial reports and the internal controls of the Company. The composition and terms of reference of the Audit Committee together with its report are presented under "Audit Committee Report" section in this Annual Report.

In consultation with the External Auditors, the Audit Committee reviews the appropriateness of the Group's accounting policies and the changes to these policies as well as to ensure that the financial statements comply with accounting standards and regulatory requirements.

Directors' Responsibility Statement

The Board is responsible to ensure that the financial statements of the Group and Company gives a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flows as at the end of the financial year. The Directors have ensured that the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Statement On Corporate Governance (continued)

The Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates in preparing the financial statements.

A general responsibility of the Directors is to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

5.2 Assessment of Suitability and Independence of External Auditors by the Audit Committee

The Audit Committee (AC's) has a close and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with relevant accounting standards. During the financial year ended 31 December 2016, the Audit Committee held two (2) dialogue sessions with the External Auditors in the absence of the Executive Directors and Management.

The Audit Committee is empowered by the Board to review all issues in relation to appointment and re-appointment, resignation or dismissal of External Auditors. The External Auditors had given written assurance that, they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of the relevant professional and regulatory requirements. In early 2017, the Audit Committee undertook an annual assessment of the suitability and independence of the External Auditors and was satisfied with the independence and technical competency of the External Auditors. The Audit Committee then decided to recommend for the Board's approval the re-appointment of Messrs. KPMG PLT (Converted from a conventional partnership, KPMG on 27 December 2016) as external auditors of the Company for the financial year ending 31 December 2017.

Having regard to the outcome of reviewing on the suitability and independence of external auditors which supported the AC's recommendation, the board approved the AC's recommendation for the shareholders' approval to be sought at the 22nd AGM on the re-appointment of the Messrs. KPMG PLT as external auditors of the Company for the financial year 2017.

Moving on, the Audit Committee will establish procedures to assess the suitability and independence of the External Auditors as well as policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the External Auditors.

Principle 6: Recognise and Manage Risks

6.1 Sound Framework to Manage Risks

In general, all major projects, investment and capital expenditure initiatives are presented to the Board for consideration and approval. An overview of the state of internal controls and risk management within the Group is spelt out in this Annual Report under Statement on Risk Management and Internal Control.

6.2 Internal Audit Function

The Board and management has established internal control procedures and policies for its operations. It monitors its compliance through the Internal Audit Department, to ensure that such internal control system is implemented and carried out effectively by the Management.

The Company has in place an internal audit function which is led by the Head of Internal Audit, who reports directly to the Audit Committee. The Internal Audit Department undertakes regular review of identified operational areas annually to assess the effectiveness of internal controls and risk management. During the review of Internal Audit Reports, the Audit Committee is made aware of the operational risks affecting the Group's operations and all follow through mitigating actions taken.

The Statement on Risk Management and Internal Control, which provided an overview of the state of internal control and risk management within the Group, is included in this Annual Report.

Principle 7: Ensure Timely and High Quality Disclosure

7.1 Corporate Disclosure Policy

The Board acknowledges the need and importance of ensuring dissemination of information to shareholders, investors and regulatory bodies. The Board peruses through and approves all announcements prior to the release of the same to Bursa Securities. At the same time, the Board will take reasonable steps to ensure that the public and investors all who invest in the Company's securities enjoy equal access to such information to avoid selective disclosure.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website, www.thongguan.com, provides an avenue for information dissemination with dedicated sections on corporate information including announcements to Bursa Securities, financial information, press releases and news and events related to the Group. Any queries or concerns regarding the Group may be directed to the Investor Relations Department via the email address: info@thongguan.com.

Statement On Corporate Governance (continued)

As the Group release all material information publicly through Bursa Securities, shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website at www.bursamalaysia.com.

Principle 8: Strengthen Relationship with Shareholders

8.1 Shareholders' Participation at General Meetings

The AGM and Extraordinary General Meeting ("EGM"), provide a platform for the Board to dialogue and interact with shareholders where individual shareholders and investors may seek clarifications on the Group's businesses, performance and prospects. The notices of the AGM and EGM are sent to shareholders. The notices are also published in a national newspaper and released through Bursa Securities for public dissemination. Members of the Board attend the AGM and EGM to answer queries and concerns of the shareholders. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

The Board will consider adopting electronic voting, within the bound of practicality, in the future to facilitate greater shareholder participation at general meetings.

8.2 Poll Voting

In line with the amendments to the Listing Requirements of Bursa Securities, the Board will implement poll voting for all the resolutions set out in the notice of general meetings. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the general meetings. The outcome of the general meetings is to be announced to the Bursa Securities on the same day after the meetings are concluded and the announcement is made accessible via the Bursa Securities and the Company's website.

8.3 Effective Communication and Proactive Engagement

The Board recognises the need for shareholders to be kept updated with all material business matters affecting the Group. Shareholders are provided with an overview of the Group's performance and operations through timely release of financial results on yearly and quarterly basis as well as various other announcements.

The general meetings are useful forums for shareholders to engage directly with the Board and Senior Management. The shareholders are at liberty to raise questions or seek clarification on the agenda of the meeting from the Board and the Senior Management.

Further, in a move to promote wider publicity and dissemination of public information, the Group will issue press releases to the media on significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and development of the Group.

Compliance with the Principles and Recommendations of the Code

For the year ended 31 December 2016 and up to the date of the printing of this annual report, the Group has complied substantially with the Principles and Recommendations of the Code insofar as applicable and described herein.

This statement is issued in accordance with a resolution of the Directors dated 13 April 2017.

Other Information

Audit and Non-audit Fee

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2016 is as follows:-

Type of Audit	Fee (RM'000)	
	Company	Group
a) Audit fee	23	238
b) Non Audit Fee	16	36

Material Contract

Since the end of the previous year report, there were no material contract that involved the Group and its Directors and major shareholders.

Statement on Risk Management & Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Main Board Listing Requirement of Bursa Malaysia Securities Berhad, the Board of Directors of listed companies is required to include in its Company's Annual Report a statement about the state of the internal controls of the listed issuer as a group. The Board is pleased to provide the following Internal Control Statement for the financial year ended 31 December 2016.

Responsibility

The Board acknowledges its responsibility for the Groups' system of internal control, which include establishment of an effective control environment and an appropriate internal control framework, as well as to review its adequacy and integrity. Due to limitations inherent in any system of internal control, it is important to note that the system is designed to manage, rather than eliminate the risk of failure. Therefore, the system can only provide reasonable and not absolute assurance that assets are safeguarded against material loss or misstatement. The system of internal control covers, inter-alia, financial, organisational, and operational and compliance controls and risk management.

Risk Management Framework

The board has established a process for identifying, evaluating and managing risk through the Enterprise Risk Management (ERM) Framework. These include the formation of a Risk Management Committee (RMC) which was delegated with the task of identifying risks within the Group. The Board through its Audit Committee regularly reviews this process. The main objective of the review is to formalize and embed a risk management process across the Group in order to sensitise all employees within the Group to risk identification, evaluation, monitoring, and reporting. The formalisation of the ERM framework will encompass the following activities:

- To update the risk profiles of companies in the Group according to the ERM framework;
- To further embed a risk awareness culture and risk management process within the Group, including the risk management training where applicable;
- To execute risk-based internal audit with periodic review by Audit Committee and the Board on the adequacy and integrity of the system of internal control.

Internal Audit Function

The Group's Internal Audit Department ("IAD") reports directly to the Audit Committee ("AC"). Its role is to provide the Audit Committee with reasonable assurance on the adequacy and integrity of the Group's internal control system through its auditing and monitoring process. The Audit Committee provides direction and oversees the function. At the beginning of each financial year, the IAD prepares an Annual Audit Plan and presents it to the Audit Committee for approval. Subsequently at every Audit Committee meeting, the IAD will present its audit findings and review them with the Audit Committee.

The activities that have been planned and carried out by the IAD are as follows:

- Mapping out the current state of procedures and processes to facilitate the understanding and reference with the aim of identifying areas for improvements.
- Identifying potential areas that are lack of control and efficiency from the process mapping.
- Testing and conducting audit on the identified risk areas and relevant control.
- Reporting of findings and irregularities (if any) to Management and Audit Committee and provide recommendations to mitigate the risks identified.
- Ensuring the compliance with applicable laws, regulations, rules, directives and guidelines by the various authorities and those set out by the Management.
- Carrying out ad-hoc investigation and special review when requested by Management.

The internal audit reports prepared by the IAD arising from the audits which include the recommendation or action plan from the management are discussed at the AC Meetings. Follow-up are conducted by the IAD to ensure that all action plans from each audit are adequately addressed by auditee/management and the progress will be updated at the AC Meetings.

Other Risk and Control Processes

- The Group's Policies and standard operating procedures, sets out the policies, procedures and standards of the Group's operations to be followed by all employees. The policies and procedures are regularly reviewed and updated where applicable to maintain its effectiveness over time.

Statement on Risk Management & Internal Control (continued)

Other Risk and Control Processes (continued)

- The Board and Audit Committee rigorously review the quarterly financial results and evaluate the reasons for unusual variances noted thereof.
- Internal audit function includes performing regular reviews of business processes to assess the effectiveness of the internal control system and to highlight significant risks impacting the Group with recommendations for improvement;
- The close involvement of Executive Directors, who are hands-on in the operations of the Group. The Managing Director briefs the Board on significant changes in the business and external environment, which affect the operations of the Group at large.
- The Group has in place a Management Reporting mechanism whereby financial information is generated and reviewed by management and the Board on a timely basis. Performance and results are monitored on a monthly basis against the budget.
- The Group sets out an annual budget and operations targets for every operating division. Analysis and reporting of variances against budget are presented in the Group's various Management Meetings which act as a monitoring mechanism.
- The Group has successfully implemented three (3) management systems namely the ISO 9001-QMS, ISO14001-EMS & OHSAS 18001-Health & Safety.

Conclusion

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management are committed towards operating a sound system of internal control and the internal control systems will continue to be reviewed, updated and improved upon in line with the changes in its operating environment.

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

This statement is issued with a resolution of the Directors dated 13 April 2017.

Audit Committee Report

Audit Committee Composition and Attendance

The Board of Directors is pleased to present the Audit Committee report for the financial year ended 31 December 2016. The Audit Committee ("AC") currently comprises the following directors:-

Directors	Position	Attendance
Chow Hon Piew	Chairman, Independent Non-Executive Director	4/4
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (retired on 26 May 2016)	Member, Independent Non-Executive Director	1/2
Kang Pang Kiang	Member, Independent Non-Executive Director	4/4
Tengku Muzzammil Bin Tengku Makram (appointed on 25 August 2016)	Member, Independent Non-Executive Director	1/1

Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah retired on 26 May 2016.

Tengku Muzzammil Bin Tengku Makram was appointed as AC member on 25 August 2016. The appointment complied paragraph 15.09(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Bhd.

During FY2016, the committee had meet four (4) times. Minute of each AC meeting was noted by the Board via distribution to each Board members.

Based on the recent amendment of Main Market Listing Requirement (MLTR), the Nomination Committee will responsible to review the terms of office and performance of the AC members annually which was previously reviewed by the Board once every three (3) years. During FY2016, the Board is satisfied that the AC and its members have been able to discharge their functions, duties and responsibilities in accordance with the terms of reference ("TOR") of the AC.

Summary of works during Financial Year

The function and duties of AC are set out through its TOR, an abridged copy is available on the company website at www.thongguan.com.

The Committee had undertaken the following works during the financial year:

1. Financial Reporting
 - a) Reviewed all the four (4) Quarters unaudited financial results and annual audited financial statements of the Group and to recommend the same to the Board for approval. Discussion on the any changes of accounting policies and its implementation, the going concern assumption, significant and unusual matters arising from the audit, and the compliance on the accounting standards and other legal requirement.
2. External Audit
 - a) Having two (2) private meeting with the external auditors without the presence of the Executive Directors and Management staff to review, discuss and where necessary sought explanation from auditors on the result of their audit;
 - b) Reviewed with the external auditors the scope of audit work and audit plan for the year. Prior to the audit, representatives from the external auditor presented their audit strategy and plan;
 - c) Reviewed with external auditors the findings of the audit and the audit report; and
 - d) Reviewed the performance and independence of the external auditors, considered and recommended their re-appointment to the Board. The AC had assessed and is satisfied with the performance and effectiveness of KPMG and recommended to the Board to approve the re-appointment of KPMG as the external auditor for the Company.
3. Internal Audit
 - a) Reviewed and approved the Annual Internal Audit Plan for the financial year 2016 proposed by Internal Auditors to ensure the adequacy of the scope, coverage of works and it has necessary authority to carry out its works; and
 - b) Reviewed the quarterly reports from the Internal Audit Department ("IAD") and make necessary recommendations to the Management and Board of Directors.
4. Others
The Committee also:
 - a) Reviewed the related party transactions and recurrent related party transactions ("RRPT") to ensure that they are at arm's length basis and on normal commercial terms and on terms not more favourable to the related parties that those generally available to the public; and

Audit Committee Report (continued)

Summary of works during Financial Year (continue)

4. Others

The Committee also:

- b) Reviewed and recommended to the Board for approval, the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

Internal Audit Function

The IAD's primary objective is to undertake regular reviews of the system of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. Its role is to provide the Committee with independent and objective reports on the state of internal controls of the operating units within the Group guided by established policies and procedures and the regulatory requirements of the relevant authorities. The Committee reviewed and approved the internal audit plan of the Group submitted by the Head of Internal Audit annually.

The total cost incurred for the internal audit function for the financial year 2016 was RM59,000. During the financial year, areas of audits included various departments at head office and other operating sites by interviewing the person in charges, observing and reviewing the operating procedures, reviewing the supporting documents and samples selection for verification. Internal audit reports were issued to the Committee quarterly and tabled in the Audit Committee meetings. The reports, which incorporated audit recommendations and management responses with regard to any audit findings, were also copied to the respective operational managers. The IAD would also conduct follow through exercises and reviews with the respective managers on the implementation of the agreed audit recommendations. The IAD have based on their audit framework and plan on the Committee of Sponsoring Organisation of the treadway Commission (COSO) principles to assess higher risk areas in the organization. The IAD would present the high risk areas to the Audit Committee for discussion. Upon completion of the high risks review report, the IAD would prepare the annual internal audit plan for approval by the Committee. Internal audit work will be based on the approved internal audit plan.

The management, with the assistance from the IAD, has implemented the Enterprise Risk Management processes to identify, assess, monitor with the view to mitigate risks impacting the Group's business and supporting activities.

Financial Statement Content

29 - 34	Directors' Report
35	Statements of Financial Position
36	Statements of Profit or Loss and Other Comprehensive Income
37 - 40	Statements of Changes in Equity
41 - 42	Statements of Cash Flows
43 - 93	Notes to the Financial Statements
94 - 95	Statement by Directors and Statutory Declaration
96 - 98	Independent Auditors' Report to the Members

G R O W I N G
T E C H N O L O G Y



Directors' report for the year ended 31 December 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2016.

Principal activities

The Company is principally engaged in investment holding activities and trading of plastic and petroleum products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

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

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to :		
- Owners of the Company	55,854	41,208
- Non-controlling interests	1,574	-
	<u>57,428</u>	<u>41,208</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year:
 - a final single tier ordinary dividend of 9 sen per ordinary share, totalling RM9,474,390 declared on 25 February 2016 and paid on 18 August 2016; and
- ii) In respect of the financial year ended 31 December 2016:
 - an interim single tier ordinary dividend of 6 sen per ordinary share, totalling RM6,317,153 declared on 25 August 2016 and paid on 28 October 2016.

A final single tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 has been recommended by the Directors, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors' report for the year ended 31 December 2016 (Cont)

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Ang Poon Chuan - Managing Director

Datuk Ang Poon Seong

Dato' Ang Poon Khim

Chow Hon Piew

Kang Pang Kiang

Ang See Ming

Dato' Tengku Sarafudin Badlishah

Bin Dato' Seri Diraja Tan Sri Tengku Sallehuddin

(appointed on 25.08.2016)

Tengku Muzzammil Bin Tengku Makram

(appointed on 25.08.2016)

Dato' Paduka Syed Mansor

Bin Syed Kassim Barakbah - Chairman

(retired on 26.05.2016)

Directors' interests in shares

The interests and deemed interests in the shares, Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and warrants over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses and/or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at 1.1.2016	Number of ordinary shares		Balance at 31.12.2016
		Bought	(Sold)	
The Company				
Dato' Ang Poon Chuan				
Interest in the Company :				
- own	928,500	-	-	928,500
- others #	289,000	5,000	(45,000)	249,000
Deemed interest in the Company :				
- own	43,012,494	-	-	43,012,494
Datuk Ang Poon Seong				
Interest in the Company :				
- own	589,125	-	-	589,125
Deemed interest in the Company :				
- own	43,012,494	-	-	43,012,494
Dato' Ang Poon Khim				
Interest in the Company :				
- own	642,325	-	-	642,325
- others #	71,600	-	-	71,600
Ang See Ming				
Interest in the Company :				
- own	1,192,508	-	(600,000)	592,508
Subsidiaries				
- TGSH Plastic Industries Sdn. Bhd.				
Direct interest				
Ang See Ming - own	160,000	-	-	160,000
Ang Poon Seong - own	-	80,000	-	80,000

Directors' report for the year ended 31 December 2016 (Cont)

Directors' interests in shares (continued)

	Balance at 1.1.2016	Number of ordinary shares		Balance at 31.12.2016
		Bought	(Sold)	
Subsidiaries				
- TG Power Wrap Sdn. Bhd.				
<i>Direct interest</i>				
Dato' Ang Poon Chuan - own	@1	-	-	@1
Ang See Ming - own	@1	-	-	@1
- 888 Cafe Sdn. Bhd.				
<i>Direct interest</i>				
Ang See Ming - own	30,000	-	-	30,000
- Everprosper Food Industries Sdn. Bhd.				
<i>Direct interest</i>				
Ang See Ming - own	240,000	-	-	240,000
		Number of 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")		
	Balance at 1.1.2016	Bought	(Sold)	Balance at 31.12.2016
The Company				
Dato' Ang Poon Chuan				
Interest in the Company :				
- own	485,000	-	-	485,000
- others #	171,600	-	-	171,600
Deemed interest in the Company :				
- own	22,199,934	-	-	22,199,934
Datuk Ang Poon Seong				
Interest in the Company :				
- own	294,562	-	-	294,562
Deemed interest in the Company :				
- own	22,199,934	-	-	22,199,934
Dato' Ang Poon Khim				
Interest in the Company :				
- own	321,162	-	-	321,162
- others #	83,350	-	-	83,350
Ang See Ming				
Interest in the Company :				
- own	597,400	-	-	597,400

Directors' report for the year ended 31 December 2016 (Cont)

Directors' interests in shares (continued)

	Balance at 1.1.2016	Number of warrants		Balance at 31.12.2016
		Bought	(Sold)	
The Company				
Dato' Ang Poon Chuan				
Interest in the Company :				
- own	242,500	-	-	242,500
- others #	55,800	-	-	55,800
Deemed interest in the Company :				
- own	11,099,967	-	-	11,099,967
Datuk Ang Poon Seong				
Interest in the Company :				
- own	147,281	-	(30,000)	117,281
Deemed interest in the Company :				
- own	11,099,967	-	-	11,099,967
Dato' Ang Poon Khim				
Interest in the Company :				
- own	160,581	-	-	160,581
- others #	26,700	-	-	26,700
Ang See Ming				
Interest in the Company :				
- own	298,700	-	-	298,700

@ Shares held in trust for Thong Guan Industries Berhad

These are shares, ICULS and warrants held in the name of the spouses and/or children and are regarded as interest of the Directors in accordance with the Companies Act.

By virtue of their interests in the shares of the Company, Dato' Ang Poon Chuan and Datuk Ang Poon Seong are also deemed to have interests in the shares of all subsidiaries during the financial year to the extent the Company has an interest.

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares, ICULS and warrants of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the 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, other than as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company increased its issued and paid up share capital from RM105,212,250 comprising 105,212,250 ordinary shares to RM118,306,537 comprising 118,306,537 ordinary shares as a result of the conversion of 12,384,162 of 5-year 5% ICULS into 12,384,162 ordinary shares and exercise of 710,125 warrants into 710,125 ordinary shares at an exercise price of RM1.50 per ordinary share.

Issue of shares and debentures (continued)

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures in issue during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from ICULS and warrants of the Company.

Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 15 October 2014, the Company issued 52,602,250 nominal value of 5-year 5% ICULS at 100% of its nominal value for capital expansion and working capital purposes.

The salient features of the ICULS are disclosed in Note 23 to the financial statements.

As at the end of the reporting period, the Company has the following outstanding number of ICULS :

	Number of ICULS outstanding as at 31.12.2016
5-year 5% ICULS	40,218,088

Warrants

During the financial year ended 31 December 2014, the Company issued 26,301,106 free warrants ("warrants") in conjunction with the issuance of ICULS to the subscribers of ICULS on the basis of one (1) warrant for every two (2) ICULS subscribed for.

The warrant entitles the holder, to subscribe for one (1) new ordinary share in the Company on the basis of one new ordinary share for every warrant held at an exercise price of RM1.50 per ordinary share within five (5) years from the date of the issue of the warrant, subject to adjustments in accordance with the provisions of the Deed Poll created on 25 August 2014 which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose.

710,125 (2015 : 750) warrants were exercised during the financial year. As at the end of reporting period, 25,583,231 (2015 : 26,293,356) warrants remained unexercised.

Indemnity and insurance costs

During the financial year, the total amount of indemnity given to/insurance effected for Director and officer of the Company is RM Nil.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- all known bad debts have been written off and adequate provision made for doubtful debts; and
- any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Other statutory information (continued)

At the date of this report, the Directors are not aware of any circumstances :

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for impairment loss on receivables as disclosed in Note 18 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Ang Poon Chuan
Director

.....
Ang See Ming
Director

Kedah Darul Aman,

Date : 27 April 2017

Statements of financial position as at 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Property, plant and equipment	3	138,905	133,187	155	219
Prepaid lease payments	4	12,684	12,825	-	-
Intangible asset	5	222	-	-	-
Investment in subsidiaries	6	-	-	92,824	90,968
Other investments	7	567	567	567	567
Deferred tax assets	8	1,113	3,850	1,113	2,275
Fixed deposit with a licensed bank	9	30	30	30	30
Total non-current assets		<u>153,521</u>	<u>150,459</u>	<u>94,689</u>	<u>94,059</u>
Other investments	7	-	2,523	-	156
Inventories	10	157,059	158,618	-	-
Current tax assets		587	845	-	-
Trade and other receivables	11	156,034	122,087	62,859	22,316
Cash and cash equivalents	12	152,610	103,896	29,174	36,483
Total current assets		<u>466,290</u>	<u>387,969</u>	<u>92,033</u>	<u>58,955</u>
Total assets		<u>619,811</u>	<u>538,428</u>	<u>186,722</u>	<u>153,014</u>
Equity					
Share capital	13	118,307	105,212	118,307	105,212
Reserves	14	311,606	284,488	52,045	37,744
Total equity attributable to owners of the Company		<u>429,913</u>	<u>389,700</u>	<u>170,352</u>	<u>142,956</u>
Non-controlling interests		8,370	6,796	-	-
Total equity		<u>438,283</u>	<u>396,496</u>	<u>170,352</u>	<u>142,956</u>
Liabilities					
Loans and borrowings	15	11,372	16,834	3,636	6,670
Deferred tax liabilities	8	6,431	5,412	-	-
Total non-current liabilities		<u>17,803</u>	<u>22,246</u>	<u>3,636</u>	<u>6,670</u>
Loans and borrowings	15	45,368	34,758	11,081	2,432
Trade and other payables	16	117,468	84,694	1,336	881
Current tax liabilities		889	234	317	75
Total current liabilities		<u>163,725</u>	<u>119,686</u>	<u>12,734</u>	<u>3,388</u>
Total liabilities		<u>181,528</u>	<u>141,932</u>	<u>16,370</u>	<u>10,058</u>
Total equity and liabilities		<u>619,811</u>	<u>538,428</u>	<u>186,722</u>	<u>153,014</u>

The notes on pages 43 to 93 are an integral part of these financial statements.

Statements of profit or loss and other comprehensive income for the year ended 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations					
Revenue	17	742,868	710,998	41,651	8,925
Cost of goods sold		(624,819)	(604,990)	(1,062)	-
Gross profit		<u>118,049</u>	<u>106,008</u>	<u>40,589</u>	<u>8,925</u>
Other income		9,789	5,496	2,775	911
Selling and distribution expenses		(27,077)	(25,234)	(362)	-
Administrative expenses		(29,434)	(26,744)	(834)	(676)
Other expenses		(3,531)	(17,140)	(452)	(3)
Results from operating activities	18	<u>67,796</u>	<u>42,386</u>	<u>41,716</u>	<u>9,157</u>
Interest income		1,715	2,069	1,120	1,459
Finance costs	20	(1,367)	(1,330)	(467)	(80)
Profit before tax		<u>68,144</u>	<u>43,125</u>	<u>42,369</u>	<u>10,536</u>
Tax expense	21	(10,716)	(3,469)	(1,161)	(771)
Profit for the year		<u>57,428</u>	<u>39,656</u>	<u>41,208</u>	<u>9,765</u>
Other comprehensive (expense)/ income for the year, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value of available-for-sale financial assets		(5)	(18)	(5)	16
Foreign currency translation differences for foreign operations		(1,829)	13,337	-	-
Total other comprehensive (expense)/ income for the year, net of tax		(1,834)	13,319	(5)	16
Total comprehensive income for the year		<u>55,594</u>	<u>52,975</u>	<u>41,203</u>	<u>9,781</u>
Profit attributable to :					
Owners of the Company		55,854	38,510	41,208	9,765
Non-controlling interests		1,574	1,146	-	-
		<u>57,428</u>	<u>39,656</u>	<u>41,208</u>	<u>9,765</u>
Total comprehensive income attributable to :					
Owners of the Company		54,020	51,829	41,203	9,781
Non-controlling interests		1,574	1,146	-	-
		<u>55,594</u>	<u>52,975</u>	<u>41,203</u>	<u>9,781</u>
Basic earnings per ordinary share (sen)	22	<u>52.03</u>	<u>36.60</u>		
Diluted earnings per ordinary share (sen)	22	<u>34.04</u>	<u>32.36</u>		

The notes on pages 43 to 93 are an integral part of these financial statements.

Statements of changes in equity for the year ended 31 December 2016

Group	Note	Attributable to owners of the Company							Distributable			
		Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Warrants reserve RM'000	Equity component of ICULS RM'000	Retained earnings RM'000	Total RM'000	Non - controlling interests RM'000	Total equity RM'000
At 1 January 2015		105,212	3,946	12,500	4,141	23	17,024	26,296	172,937	342,079	5,413	347,492
Foreign currency translation differences for foreign operations		-	-	13,337	-	-	-	-	-	13,337	-	13,337
Fair value of available-for-sale financial assets		-	-	-	-	(18)	-	-	-	(18)	-	(18)
Total other comprehensive income/ (expense) for the year		-	-	13,337	-	(18)	-	-	-	13,319	-	13,319
Profit for the year		-	-	-	-	-	-	-	38,510	38,510	1,146	39,656
Total comprehensive income/ (expense) for the year		-	-	13,337	-	(18)	-	-	38,510	51,829	1,146	52,975
Contributions by and distributions to owners of the Company												
- Exercise of warrants		^	-	-	-	-	-	-	-	-	-	-
- Dividends to owners of the Company	24	-	-	-	-	-	-	-	(4,208)	(4,208)	-	(4,208)
- Shares issued by a subsidiary subscribed by non-controlling interests	30	-	-	-	-	-	-	-	-	-	237	237
Total transactions with owners of the Company		-	-	-	-	-	-	-	(4,208)	(4,208)	237	(3,971)
Transfer to share premium for warrants exercised		-	1	-	-	-	(1)	-	-	-	-	-
At 31 December 2015		105,212	3,947	25,837	4,141	5	17,023	26,296	207,239	389,700	6,796	396,496

^ Exercise of 750 warrants into 750 ordinary shares of RM1.00 each on the basis of one ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.50 per ordinary share.

Statements of changes in equity for the year ended 31 December 2016 (continued)

	Note	Attributable to owners of the Company						Distributable		Non - controlling interests RM'000	Total equity RM'000	
		Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Warrants reserve RM'000	Equity component of ICULS RM'000	Retained earnings RM'000			Total RM'000
Group												
At 1 January 2016		105,212	3,947	25,837	4,141	5	17,023	26,296	207,239	389,700	6,796	396,496
Foreign currency translation differences for foreign operations		-	-	(1,829)	-	-	-	-	-	(1,829)	-	(1,829)
Fair value of available-for-sale financial assets		-	-	-	-	(5)	-	-	-	(5)	-	(5)
Total other comprehensive expense for the year		-	-	(1,829)	-	(5)	-	-	-	(1,834)	-	(1,834)
Profit for the year		-	-	-	-	-	-	-	55,854	55,854	1,574	57,428
Total comprehensive income/ (expense) for the year		-	-	(1,829)	-	(5)	-	-	55,854	54,020	1,574	55,594
Contributions by and distributions to owners of the Company												
- Conversion of ICULS	23	12,384	-	-	-	-	-	(6,191)	(5,276)	917	-	917
- Exercise of warrants		711	356	-	-	-	-	-	-	1,067	-	1,067
- Dividend to owners of the Company	24	-	-	-	-	-	-	-	(15,791)	(15,791)	-	(15,791)
Total transactions with owners of the Company		13,095	356	-	-	-	-	(6,191)	(21,067)	(13,807)	-	(13,807)
Transfer to share premium for warrants exercised		-	459	-	-	-	(459)	-	-	-	-	-
At 31 December 2016		118,307	4,762	24,008	4,141	-	16,564	20,105	242,026	429,913	8,370	438,283
		Note 13	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14			

Statements of changes in equity for the year ended 31 December 2016 (continued)

Note	Share capital RM'000	Share premium RM'000	Fair value reserve RM'000	Non - distributable Equity component of ICULS RM'000		Warrants reserve RM'000	Accumulated losses RM'000	Total equity RM'000
Company								
At 1 January 2015	105,212	3,946	(11)	26,296	17,024	(15,084)	137,383	
Total other comprehensive income for the year	-	-	16	-	-	-	16	
- Fair value of available-for-sale-financial assets	-	-	-	-	-	9,765	9,765	
Profit for the year	-	-	16	-	-	9,765	9,781	
Total comprehensive income for the year	-	-	16	-	-	9,765	9,781	
Contributions by and distributions to owners of the Company								
- Exercise of warrants	^	-	-	-	-	-	-	
- Dividend to owners of the Company	24	-	-	-	-	(4,208)	(4,208)	
Total transactions with owners of the Company	^	-	-	-	-	(4,208)	(4,208)	
Transfer to share premium for warrants exercised	-	1	-	-	(1)	-	-	
At 31 December 2015	105,212	3,947	5	26,296	17,023	(9,527)	142,956	

^ Exercise of 750 warrants into 750 ordinary shares of RM1.00 each on the basis of one ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.50 per ordinary share.

Statements of changes in equity for the year ended 31 December 2016 (continued)

			←	Non - distributable Fair value reserve	Equity component of ICULS	→	Distributable Retained earnings/ (Accumulated losses)	
Note	Share capital RM'000	Share premium RM'000		RM'000	RM'000	Warrants reserve RM'000	RM'000	Total equity RM'000
Company								
At 1 January 2016	105,212	3,947		5	26,296	17,023	(9,527)	142,956
Total other comprehensive expense for the year	-	-		(5)	-	-	-	(5)
- Fair value of available-for-sale-financial assets	-	-		-	-	-	41,208	41,208
Profit for the year	-	-		(5)	-	-	41,208	41,203
Total comprehensive income/(expense) for the year	-	-		(5)	-	-	41,208	41,203
Contributions by and distributions to owners of the Company								
- Conversion of ICULS	23 12,384	-		-	(6,191)	-	(5,276)	917
- Exercise of warrants	711	356		-	-	-	-	1,067
- Dividend to owners of the Company	24 -	-		-	-	-	(15,791)	(15,791)
Total transactions with owners of the Company	13,095	356		-	(6,191)	-	(21,067)	(13,807)
Transfer to share premium for warrants exercised	-	459		-	-	(459)	-	-
At 31 December 2016	<u>118,307</u>	<u>4,762</u>		<u>-</u>	<u>20,105</u>	<u>16,564</u>	<u>10,614</u>	<u>170,352</u>
	Note 13	Note 14		Note 14	Note 14	Note 14	Note 14	

The notes on pages 43 to 93 are an integral part of these financial statements.

Statements of cash flows for the year ended 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		68,144	43,125	42,369	10,536
Adjustments for :					
Property, plant and equipment					
- Depreciation	3	16,451	19,509	64	64
- Gain on disposal	18	(2,049)	(132)	-	-
- Written off	18	49	-	-	-
Amortisation of prepaid lease payments	4	268	270	-	-
Interest income		(1,715)	(2,069)	(1,120)	(1,459)
Dividend income	17	-	-	(39,000)	(8,504)
Interest expense	20	1,367	1,330	467	80
Reversal of impairment loss on other investments	18	-	(219)	-	(219)
Loss/ (Gain) on disposal of other investments	18	35	(107)	34	(66)
Goodwill written off	18	-	1,085	-	-
Operating profit before changes in working capital		82,550	62,792	2,814	432
Changes in working capital :					
Inventories		944	39,296	-	-
Trade and other receivables		(35,083)	(1,445)	(32,250)	(12,169)
Trade and other payables		33,365	(18,425)	455	471
Cash generated/(used in) from operations		81,776	82,218	(28,981)	(11,266)
Income taxes paid		(6,436)	(1,570)	(137)	(60)
Dividends received		-	-	31,148	10,015
Net cash from/(used in) operating activities		75,340	80,648	2,030	(1,311)
Cash flows from investing activities					
Acquisition of other investments		(5,263)	(221)	(5,263)	(141)
Proceeds from disposal of other investments		7,746	4,261	5,380	168
Acquisition of property, plant and equipment	A	(23,548)	(24,655)	-	-
Proceeds from disposal of plant and equipment		2,055	185	-	-
Proceeds from government grant	3	1,998	-	-	-
Advances to a subsidiary		-	-	(441)	-
Additions to prepaid lease payments	4	(54)	(59)	-	-
Interest received		1,715	2,069	1,120	1,459
Additions to intangible asset		(222)	-	-	-
Increase in investment in subsidiaries :					
- Subscription of additional interest in an existing subsidiary		-	-	(1,800)	(200)
- Additional investments in an overseas wholly-owned subsidiary		-	-	(56)	(53)
- Acquisition of a subsidiary	30	-	(559)	-	-
Net cash (used in)/from investing activities		(15,573)	(18,979)	(1,060)	1,233

Statements of cash flows for the year ended 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities					
Interest paid (excluding interest on ICULS)		(956)	(1,250)	(56)	-
Repayment of finance lease liabilities		(486)	(901)	-	-
Repayment of term loans (net)		(2,851)	(1,426)	-	-
Drawdown/(Repayment) of other bank borrowings, net		10,591	(38,706)	9,136	-
Dividends paid	24	(15,791)	(4,208)	(15,791)	(4,208)
Proceeds from exercise of warrants		1,067	-	1,067	-
Payment of interest on ICULS	23	(2,635)	(2,623)	(2,635)	(2,623)
Net cash used in financing activities		(11,061)	(49,114)	(8,279)	(6,831)
Net increase/(decrease) in cash and cash equivalents		48,706	12,555	(7,309)	(6,909)
Effects of exchange rate fluctuations on cash held		(194)	1,974	-	-
Cash and cash equivalents at 1 January		103,026	88,497	36,483	43,392
Cash and cash equivalents at 31 December	B	151,538	103,026	29,174	36,483

Notes

A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM24,761,000 (2015 : RM25,123,000), of which RM1,213,000 (2015 : RM468,000) was acquired by means of finance leases. The remaining of RM23,548,000 (2015 : RM24,655,000) was purchased by way of cash payments.

B. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	12	106,013	47,569	14,299	4,303
Short term deposits with licensed banks	12	4,515	19,122	-	4,200
Short term investment funds placed with financial institutions	12	42,082	37,205	14,875	27,980
Bank overdrafts	15	(1,072)	(870)	-	-
		<u>151,538</u>	<u>103,026</u>	<u>29,174</u>	<u>36,483</u>

The notes on pages 43 to 93 are an integral part of these financial statements.

Notes to the financial statements

Thong Guan Industries Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows :

Principal place of business

Lot 52, Jalan PKNK 1/6
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani
Kedah Darul Aman

Registered office

Suite 16-1 (Penthouse Upper),
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2016 do not include other entities.

The Company is principally engaged in investment holding activities and trading of plastic and petroleum products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 April 2017.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations, as applicable, in the respective financial years when the abovementioned standards, amendments and interpretations become effective.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 2(d)(iii) - depreciation of plant and equipment
- Note 2(i)(i) - impairment of receivables

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non- controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows :

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows :

	%
Factory buildings	2 - 5
Plant and machinery	6.7 - 20
Furniture, fittings and office equipment	10 - 20
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or of the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible asset

Intangible asset that is acquired by the Group, which has finite useful life, is measured at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Intangible asset is amortised from the date that it is available for use based on its cost less residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of intangible asset.

The estimated useful life for the current period is 10 years. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production 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. Significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(k) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise Irredeemable Convertible Unsecured Loan Stocks ("ICULS") that can be converted to share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(l) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vi) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2. Significant accounting policies (continued)

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise ICULS and share options granted to employees.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(s) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(u) Warrants reserve

Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

3. Property, plant and equipment

Group	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital expenditure-in-progress RM'000	Total RM'000
Cost						
At 1 January 2015	51,978	222,417	14,425	12,479	12,045	313,344
Acquisition of subsidiaries	-	820	302	99	-	1,221
Additions	471	3,732	792	831	19,297	25,123
Disposals	-	(641)	(21)	(301)	-	(963)
Write off	-	(30)	-	-	-	(30)
Reclassifications	6	10,753	223	-	(10,982)	-
Effect of movements in exchange rates	2,628	9,181	344	173	-	12,326
At 31 December 2015/1 January 2016	55,083	246,232	16,065	13,281	20,360	351,021
Additions	413	6,658	1,989	2,122	13,579	24,761
Government grants	-	-	-	-	(1,998)	(1,998)
Disposals	-	(7,487)	(6)	(530)	-	(8,023)
Write off	-	-	(26)	-	(44)	(70)
Reclassifications	980	9,063	463	-	(10,506)	-
Effect of movements in exchange rates	(429)	(1,499)	(56)	(28)	-	(2,012)
At 31 December 2016	56,047	252,967	18,429	14,845	21,391	363,679
Accumulated depreciation and impairment losses						
At 1 January 2015						
Accumulated depreciation	19,184	152,000	8,943	9,458	-	189,585
Accumulated impairment losses	-	-	176	-	-	176
	19,184	152,000	9,119	9,458	-	189,761
Acquisition of subsidiaries	-	657	185	99	-	941
Depreciation for the year	2,081	15,375	893	1,160	-	19,509
Disposals	-	(604)	(5)	(301)	-	(910)
Write off	-	(30)	-	-	-	(30)
Effect of movements in exchange rates	1,025	7,192	242	104	-	8,563
At 31 December 2015/1 January 2016						
Accumulated depreciation	22,290	174,590	10,258	10,520	-	217,658
Accumulated impairment losses	-	-	176	-	-	176
	22,290	174,590	10,434	10,520	-	217,834

3. Property, plant and equipment (continued)

Group	Land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital expenditure-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses (continued)						
Depreciation for the year	1,997	12,159	1,044	1,251	-	16,451
Disposals	-	(7,487)	(1)	(529)	-	(8,017)
Write off	-	-	(21)	-	-	(21)
Effect of movements in exchange rates	(184)	(1,223)	(46)	(20)	-	(1,473)

At 31 December 2016

Accumulated depreciation	24,103	178,039	11,234	11,222	-	224,598
Accumulated impairment losses	-	-	176	-	-	176
	24,103	178,039	11,410	11,222	-	224,774

Carrying amounts

At 1 January 2015	32,794	70,417	5,306	3,021	12,045	123,583
At 31 December 2015/1 January 2016	32,793	71,642	5,631	2,761	20,360	133,187
At 31 December 2016	31,944	74,928	7,019	3,623	21,391	138,905

3. Property, plant and equipment (continued)

Group

Land and buildings comprise :

	Cost		Carrying amounts	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Freehold land	5,889	5,889	5,889	5,889
Leasehold land with unexpired lease period of more than 50 years	375	375	362	363
Factory buildings	49,783	48,819	25,693	26,541
	<u>56,047</u>	<u>55,083</u>	<u>31,944</u>	<u>32,793</u>

Security

At 31 December 2016, certain land and buildings of the Group with carrying amount of RM100,000 (2015 : RM4,587,000) are charged to licensed banks for banking facilities granted to certain subsidiaries.

Change in estimates

During the financial year ended 31 December 2016, the Group conducted a review of the useful lives for certain type of machines. The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	Later RM'000
(Decrease)/Increase in depreciation expense	<u>(2,851)</u>	<u>(3,197)</u>	<u>(3,197)</u>	<u>(2,805)</u>	<u>(1,774)</u>	<u>13,824</u>

Finance lease liabilities

Included in the carrying amount of property, plant and equipment of the Group are the following assets acquired under finance lease arrangements:

	2016 RM'000	2015 RM'000
Motor vehicles	676	652
Plant and machinery	1,847	1,051
	<u>2,523</u>	<u>1,703</u>

3. Property, plant and equipment (continued)

Company	Motor vehicles RM'000
Cost	
At 1 January 2015/31 December 2015/1 January 2016/31 December 2016	<u>320</u>
Accumulated depreciation	
At 1 January 2015	37
Depreciation for the year	64
At 31 December 2015/1 January 2016	<u>101</u>
Depreciation for the year	64
At 31 December 2016	<u>165</u>
Carrying amounts	
At 1 January 2015	<u>283</u>
At 31 December 2015/1 January 2016	<u>219</u>
At 31 December 2016	<u>155</u>

4. Prepaid lease payments - Group

	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Cost			
At 1 January 2015	14,731	55	14,786
Additions	59	-	59
Effect of movements in exchange rates	1,234	-	1,234
At 31 December 2015/1 January 2016	<u>16,024</u>	<u>55</u>	<u>16,079</u>
Reclassifications	55	(55)	-
Additions	54	-	54
Effect of movements in exchange rates	47	-	47
At 31 December 2016	<u>16,180</u>	<u>-</u>	<u>16,180</u>

4. Prepaid lease payments - Group (continued)

	Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	Total RM'000
Amortisation			
At 1 January 2015	2,813	19	2,832
Amortisation for the year	269	1	270
Effect of movements in exchange rates	152	-	152
At 31 December 2015/1 January 2016	3,234	20	3,254
Reclassifications	20	(20)	-
Amortisation for the year	268	-	268
Effect of movements in exchange rates	(26)	-	(26)
At 31 December 2016	3,496	-	3,496
Carrying amounts			
At 1 January 2015	11,918	36	11,954
At 31 December 2015/1 January 2016	12,790	35	12,825
At 31 December 2016	12,684	-	12,684

Security

At 31 December 2016, certain leasehold land with carrying amount of RM1,509,000 (2015: RM2,267,000) are charged to licensed banks for banking facilities granted to certain subsidiaries.

5. Intangible asset - Group

	Franchise Fees RM'000
Cost	
At 1 January 2016	-
Addition	222
At 31 December 2016	222

6. Investment in subsidiaries - Company

	2016 RM'000	2015 RM'000
Unquoted shares, at cost	93,353	91,497
Less : Impairment loss	(529)	(529)
	92,824	90,968

6. Investment in subsidiaries - Company (continued)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016 %	2015 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Trading of food and beverages products	100	100
Thong Guan Plastic & Paper Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of plastic products	100	100
UniAng Plastic Industries (Sabah) Sdn. Bhd. #	Malaysia	Manufacturing and sale of film blown plastic products and flexible plastic packaging products	100	100
Jaya Uni'ang (Sabah) Sdn. Bhd. #	Malaysia	Trading in film blown plastic products, food and consumable products	100	100
TG Plastic Technologies Sdn. Bhd.	Malaysia	Manufacturing and trading of plastic packaging products	100	100
Thong Guan Plastic Industries (Suzhou) Co., Ltd #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TGP Plaspac (Suzhou) Co., Ltd. #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TG Plaspac (Vietnam) Co., Ltd #	Socialist Republic of Vietnam	Dormant	100	100
888 Cafe Sdn. Bhd. ("888 Cafe")	Malaysia	Dormant	70	70
TG Power Wrap Sdn. Bhd. ("TGPW")	Malaysia	Manufacturing and marketing of polyvinyl chloride (PVC) cling food wrap	85	85
TGP Marketing Sdn. Bhd.	Malaysia	Marketing of plastic packaging products	100	100
TGSH Plastic Industries Sdn. Bhd. ("TGSH")	Malaysia	Manufacturing and marketing of plastic packaging products	70	70
TG Uni'Ang (Shanghai) International Trade Co., Ltd. #	People's Republic of China	Dormant	100	100
888 Food Industries Sdn. Bhd. ("888 FISB")	Malaysia	Manufacturing and dealer of food and beverage products. During the financial year ended 31 December 2016, 888 FISB ceased its business operations and became dormant.	100	100
Newton Research & Development Centre Sdn. Bhd.	Malaysia	Research and development centre for plastic packaging industry	100	100

6. Investment in subsidiaries - Company (continued)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016 %	2015 %
Everprosper Food Industries Sdn. Bhd. ("EFI") *	Malaysia	Manufacturing and trading of noodle products	60	60
Everprosper Marketing Sdn. Bhd. ("EM") **	Malaysia	Dormant	60	60

Not audited by KPMG | * Held through STGT | ** Held through EFI

6.1 During the year ended 31 December 2016, the Company subscribed for additional shares in the following subsidiaries :

- i) TG Plaspac (Vietnam) Co., Ltd by a cash consideration of RM55,861 (2015 : RM53,775) ; and
- ii) Newton Research & Development Centre Sdn. Bhd. by a cash consideration of RM1,800,000 (2015 : RM199,998).

6.2 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows :

	2016					
	888 Cafe RM'000	TGPW RM'000	TGSH RM'000	EFI RM'000	EM RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	15%	30%	40%	40%	
Carrying amount of NCI	(1)	4,035	4,780	(65)	(379)	8,370
Profit allocated to NCI	(1)	586	1,655	(663)	(3)	1,574
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	222	23,373	9,642	2,301	-	35,538
Current assets	1,141	20,782	23,913	2,734	-	48,570
Non-current liabilities	-	(7,167)	(895)	-	-	(8,062)
Current liabilities	(2,386)	(10,092)	(16,728)	(5,198)	(948)	(35,352)
Net assets/(liabilities)	(1,023)	26,896	15,932	(163)	(948)	40,694

6. Investment in subsidiaries - Company (continued)

6.2 Non-controlling interests in subsidiaries (continued)

	2016					
	888 Cafe RM'000	TGPW RM'000	TGSH RM'000	EFI RM'000	EM RM'000	Total RM'000
Year ended 31 December						
Revenue	-	55,108	58,391	1,501	-	115,000
Profit/(Loss) for the year	(2)	3,908	5,716	(1,658)	(7)	7,957
Total comprehensive income/(expense)	(2)	3,908	5,716	(1,658)	(7)	7,957
Cash flows from operating activities	515	5,594	6,792	1,541	(1)	14,441
Cash flows from investing activities	(222)	2,213	(1,015)	(980)	-	(4)
Cash flows from financing activities	-	(3,732)	(368)	(107)	-	(4,207)
Net increase/(decrease) in cash and cash equivalents	293	4,075	5,409	454	(1)	10,230
Dividend paid to NCI	-	-	-	-	-	-
	2015					
	888 Cafe RM'000	TGPW RM'000	TGSH RM'000	EFI RM'000	EM RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	15%	30%	40%	40%	
Carrying amount of NCI	-	3,449	3,125	598	(376)	6,796
Profit allocated to NCI	-	608	553	(12)	(3)	1,146
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	-	26,996	9,769	1,523	-	38,288
Current assets	21	15,555	20,544	2,150	1	38,271
Non-current liabilities	-	(9,600)	(148)	-	-	(9,748)
Current liabilities	(1,042)	(9,963)	(19,949)	(2,178)	(942)	(34,074)
Net assets/(liabilities)	(1,021)	22,988	10,216	1,495	(941)	32,737
Year ended 31 December						
Revenue	-	52,655	49,938	516	-	103,109
Profit/(Loss) for the year	(2)	4,054	1,836	(31)	(8)	5,849
Total comprehensive income/(expense)	(2)	4,054	1,836	(31)	(8)	5,849
Cash flows from operating activities	(3)	2,497	5,313	654	(11)	8,450
Cash flows from investing activities	-	(1,289)	(370)	(466)	-	(2,125)
Cash flows from financing activities	-	(311)	(3,513)	(6)	-	(3,830)
Net increase/ (decrease) in cash and cash equivalents	(3)	897	1,430	182	(11)	2,495
Dividend paid to NCI	-	-	-	-	-	-

7. Other investments

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Non-current				
<i>Available-for-sale financial assets</i>				
Unquoted shares, at cost	2,874	2,874	2,874	2,874
Less : Impairment loss	(2,307)	(2,307)	(2,307)	(2,307)
	<u>567</u>	<u>567</u>	<u>567</u>	<u>567</u>
<i>Movement of impairment loss :</i>				
1 January	(2,307)	(2,526)	(2,307)	(2,526)
Reversal of impairment loss (Note 18)	-	219	-	219
31 December	<u>(2,307)</u>	<u>(2,307)</u>	<u>(2,307)</u>	<u>(2,307)</u>
Current				
<i>Available-for-sale financial assets</i>				
Short-term investments				
- Quoted in Malaysia	-	2,523	-	156
Market value of quoted investments	<u>-</u>	<u>2,523</u>	<u>-</u>	<u>156</u>

8. Deferred tax assets/(liabilities)

The recognised deferred tax assets and liabilities of the Group are as follows :

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment (including prepaid lease payments)						
- Capital allowances	-	27	(4,716)	(5,019)	(4,716)	(4,992)
- Revaluation	-	-	(331)	(359)	(331)	(359)
Tax incentives	2,570	4,782	-	-	2,570	4,782
Liability component of ICULS	1,339	2,275	-	-	1,339	2,275
Others	69	126	(4,249)	(3,394)	(4,180)	(3,268)
Tax assets/(liabilities)	<u>3,978</u>	<u>7,210</u>	<u>(9,296)</u>	<u>(8,772)</u>	<u>(5,318)</u>	<u>(1,562)</u>
Set-off of tax	(2,865)	(3,360)	2,865	3,360	-	-
Net tax assets/(liabilities)	<u>1,113</u>	<u>3,850</u>	<u>(6,431)</u>	<u>(5,412)</u>	<u>(5,318)</u>	<u>(1,562)</u>

8. Deferred tax assets/(liabilities) (continued)

The recognised deferred tax asset of the Company is as follow :

Company	Assets	
	2016 RM'000	2015 RM'000
Plant and equipment - capital allowances	(3)	-
Liability component of ICULS	1,339	2,275
Others	(223)	-
	<u>1,113</u>	<u>2,275</u>

Movements in temporary differences during the year are as follows :

Group	At 31		At 31		At 31	
	At 1 January 2015 RM'000	Recognised in profit or loss (Note 21) RM'000	December 2015/ 1 January 2016 RM'000	Recognised in profit or loss (Note 21) RM'000	Recognised directly in equity RM'000	At 31 December 2016 RM'000
Property, plant and equipment (including prepaid lease payments)						
- Capital allowances	(5,931)	939	(4,992)	276	-	(4,716)
- Revaluation	(359)	-	(359)	28	-	(331)
Tax loss carry forwards	37	(37)	-	-	-	-
Tax incentives	3,589	1,193	4,782	(2,212)	-	2,570
Liability component of ICULS	2,911	(636)	2,275	(556)	(380)	1,339
Others	(1,441)	(1,827)	(3,268)	(912)	-	(4,180)
	<u>(1,194)</u>	<u>(368)</u>	<u>(1,562)</u>	<u>(3,376)</u>	<u>(380)</u>	<u>(5,318)</u>
Company						
Plant and equipment – capital allowances	-	-	-	(3)	-	(3)
Liability component of ICULS	2,911	(636)	2,275	(556)	(380)	1,339
Others	-	-	-	(223)	-	(223)
	<u>2,911</u>	<u>(636)</u>	<u>2,275</u>	<u>(782)</u>	<u>(380)</u>	<u>1,113</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Reinvestment allowance carry- forwards	(22,184)	(4,834)	-	-
Capital allowance carry-forwards	-	(196)	-	-
Tax loss carry-forwards	(2,371)	(9,778)	-	(1,842)
Others	(42)	(317)	-	(236)
	<u>(24,597)</u>	<u>(15,125)</u>	<u>-</u>	<u>(2,078)</u>

8. Deferred tax assets/(liabilities) (continued)

Capital allowance carry-forwards, tax loss carry-forwards and reinvestment allowance carry-forwards do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised capital allowance carry-forwards, tax loss carry-forwards and reinvestment allowance carry-forwards available to the Group and to the Company.

9. Fixed deposit with a licensed bank - Group/Company

An amount of RM30,000 (2015 : RM30,000) is deposited with a licensed bank as Trustees Reimbursement Account for ICULS Holders Actions, upon the issuance of ICULS and is to be maintained at all times throughout the tenure of ICULS of 5 years.

10. Inventories - Group

	2016 RM'000	2015 RM'000
At cost :	112,875	117,353
Raw materials	7,307	7,243
Work-in-progress	32,863	27,211
Manufactured inventories	4,014	6,811
Trading inventories		
	<u>157,059</u>	<u>158,618</u>

11. Trade and other receivables

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade					
Trade receivables	11.1	126,378	103,263	24,550	232
Non-trade					
Other receivables	11.2	25,069	15,337	5,142	3
Amount due from subsidiaries	11.3	-	-	33,165	22,079
Deposits		1,369	1,015	2	2
Prepayments		3,218	2,472	-	-
		<u>29,656</u>	<u>18,824</u>	<u>38,309</u>	<u>22,084</u>
		<u>156,034</u>	<u>122,087</u>	<u>62,859</u>	<u>22,316</u>

11.1 Trade receivables

Included in trade receivables of the Group is an amount of RM Nil (2015 : RM44,000) due from companies in which certain Directors have substantial financial interests.

11.2 Other receivables

Included in other receivables of the Group and the Company is an amount of RM3,165,000 (2015 : RM2,127,000) and RM1,052,000 (2015 : RM Nil) respectively in respect of deposits for the purchase of property, plant and machinery.

11.3 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand, except for amount of RM941,000 (2015 : RM500,000) due from subsidiaries which is subject to interest at 5% (2015 : 5%) per annum.

12. Cash and cash equivalents

Note	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	106,013	47,569	14,299	4,303
Short term deposits with licensed banks	4,515	19,122	-	4,200
Short term investment funds placed with financial institutions	12.1	42,082	14,875	27,980
	<u>152,610</u>	<u>103,896</u>	<u>29,174</u>	<u>36,483</u>

12.1 Short term investment funds placed with financial institutions

Short term investment funds represent investments in fixed income trusts which can be redeemed within a period of less than 31 days.

13. Share capital - Group/Company

	2016		2015	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares of RM1 each :				
Authorised	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued and fully paid				
At 1 January	105,212	105,212	105,212	105,212
Conversion of ICULS into ordinary shares	12,384	12,384	-	-
Exercise of warrants into ordinary shares	711	711	^	^
At 31 December	<u>118,307</u>	<u>118,307</u>	<u>105,212</u>	<u>105,212</u>

^ Exercise of 750 warrants into 750 ordinary shares of RM1.00 each on the basis of one ordinary share of RM1.00 each for every warrant held at an exercise price of RM1.50 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14. Reserves

Note	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable				
Share premium	14.1	4,762	3,947	4,762
Translation reserve	14.2	24,008	25,837	-
Statutory reserve	14.3	4,141	4,141	-
Fair value reserve	14.4	-	5	-
Equity component of ICULS	14.5	20,105	26,296	20,105
Warrants reserve	14.6	16,564	17,023	16,564
Accumulated losses		-	-	(9,527)
Distributable				
Retained earnings		242,026	207,239	10,614
	<u>311,606</u>	<u>284,488</u>	<u>52,045</u>	<u>37,744</u>

14. Reserves (continued)

14.1 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

14.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.3 Statutory reserve

The statutory reserve represents transfer from retained earnings as required by the local regulations in People's Republic of China.

14.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14.5 Equity component of ICULS

This comprises the residual amount of ICULS after deducting the fair value of warrants and liability component from the fair value of instrument as a whole (Note 23).

14.6 Warrants reserve

During the financial year ended 31 December 2014, the Company issued 52,602,250 of ICULS together with 26,301,106 free detachable warrants ("warrants") to ICULS subscribers on the basis of one (1) warrant for every two (2) ICULS subscribed.

The warrant entitles the holder, to subscribe for one (1) new ordinary share of RM1.00 each in the Company at an exercise price of RM1.50 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll created on 25 August 2014 which is to be satisfied in cash. Any warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose.

710,125 (2015 : 750) warrants were exercised during the financial year. As at the end of reporting period, 25,583,231 (2015 : 26,293,356) warrants remained unexercised.

The fair value of the warrants of RM0.6474 each was estimated using the Binomial option pricing model, taking into account the terms and conditions upon which the warrants are issued. The fair value of the warrants measured at issuance date's assumptions were based on the following :

Valuation model	Binomial option pricing
Tenure	5 years
Exercise price	RM1.50
Volume weighted average price of the Company's shares at 15 October 2014	RM2.10
Volatility rate	41.665%
Period of volatility assessment	Last one year to 15 October 2014

Movements in the reserves are shown in the Statements of Changes in Equity.

15. Loans and borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current :				
Finance lease liabilities	1,141	564	-	-
Unsecured term loans	6,595	9,600	-	-
Liability component of ICULS	3,636	6,670	3,636	6,670
	<u>11,372</u>	<u>16,834</u>	<u>3,636</u>	<u>6,670</u>
Current :				
Secured				
- Bank overdrafts	96	379	-	-
- Bankers' acceptances	1,602	1,738	-	-
	1,698	2,117	-	-
Unsecured				
- Term loans	3,585	3,431	-	-
- Bank overdrafts	976	491	-	-
- Onshore foreign currency loans	13,637	23,127	-	-
- Bankers' acceptances	2,682	2,744	-	-
- Trust receipts	20,279	-	9,136	-
	41,159	29,793	9,136	-
Finance lease liabilities	566	416	-	-
Liability component of ICULS	1,945	2,432	1,945	2,432
	<u>45,368</u>	<u>34,758</u>	<u>11,081</u>	<u>2,432</u>

15.1 Securities

The above loans and borrowings of the Group are secured by fixed charges over certain land and factory buildings of the respective subsidiaries for which the facilities are granted (Note 3 and Note 4).

15.2 Finance lease liabilities

Finance lease liabilities of the Group are payable as follows :

	2016			2015		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Less than 1 year	655	(89)	566	459	(43)	416
Between 1 and 5 years	1,262	(121)	1,141	596	(32)	564
	<u>1,917</u>	<u>(210)</u>	<u>1,707</u>	<u>1,055</u>	<u>(75)</u>	<u>980</u>

16. Trade and other payables

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade					
Trade payables	16.1	97,755	64,609	188	-
Non-trade					
Amount due to subsidiaries	16.2	-	-	-	493
Amount due to related parties	16.2	47	-	-	-
Other payables	16.3	9,639	12,421	447	103
Accrued expenses		10,027	7,664	701	285
		19,713	20,085	1,148	881
		<u>117,468</u>	<u>84,694</u>	<u>1,336</u>	<u>881</u>

16.1 Trade payables

Included in trade payables of the Group is an amount of RM1,134,000 (2015 : RM2,058,000) due to companies in which certain Directors have substantial financial interests, which is subject to the normal trade terms.

16.2 Amounts due to a subsidiary and related parties

The non-trade amounts due to a subsidiary and related parties are unsecured, interest- free and repayable on demand.

16.3 Other payables

Included in other payables of the Group is an amount of RM1,833,000 (2015 : RM2,128,000) in respect of advance payments received from customers.

17. Revenue

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Invoiced value of goods sold less discounts and returns	742,868	710,577	2,651	-
Commissions	-	421	-	421
Dividend income from subsidiaries	-	-	39,000	8,504
	<u>742,868</u>	<u>710,998</u>	<u>41,651</u>	<u>8,925</u>

18. Results from operating activities

Results from operating activities are arrived at :

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
After charging :				
Auditors' remuneration				
- Statutory audit				
- KPMG in Malaysia				
- current year	175	142	23	18
- prior year	8	6	-	-
- Other auditors				
- current year	55	54	-	-
- prior year	-	3	-	-
- Other services				
- KPMG in Malaysia	10	10	10	10
- Affiliates of KPMG in Malaysia				
- current year	25	25	5	4
- prior year	1	1	1	1
Bad debts written off	20	14	-	-
Property, plant and equipment :				
- Depreciation (Note 3)	16,451	19,509	64	64
- Written off	49	-	-	-
Amortisation of prepaid lease payments (Note 4)	268	270	-	-
Directors' emoluments				
Directors of the Company				
- fees				
- current year	384	350	215	210
- prior year	-	35	-	35
- remuneration	2,788	2,624	97	89
- others	50	38	50	38
Other Directors				
- fees	72	63	-	-
- remuneration	563	479	-	-
Personnel expenses (excluding key management personnel)				
- Wages, salaries and others	48,699	42,112	-	-
- Contributions to state plans	4,498	4,207	-	-
Rental expense in respect of :				
- buildings	1,311	1,063	-	-
- plant and equipment	332	334	-	-
Impairment loss on :				
- trade receivables (Note 29.4)	3,379	2,685	-	-
- amount due from a subsidiary	-	74	396	-
Goodwill written off (Note 30)	-	1,085	-	-
Loss on foreign exchange				
- realised	-	12,750	-	-
- unrealised	-	-	-	3
Loss on disposal of other investments	35	-	34	-
and after crediting :				
Gain on disposal of plant and equipment	2,049	132	-	-
Gain on foreign exchange				
- realised	842	-	1,485	610
- unrealised	4,149	3,412	1,082	-
Rental income from property and machinery	2	3	-	-
Bad debts recovered	-	14	-	-

18. Results from operating activities (continued)

Results from operating activities are arrived at :

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
and after crediting (continued) :				
Reversal of impairment loss on:				
- trade receivables (Note 29.4)	159	52	8	11
- other receivables	9	-	-	-
- other investments (Note 7)	-	219	-	219
Gain on disposal of other investments	-	107	-	66

19. Key management personnel compensation

The key management personnel compensation is as follows :

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees				
- current year	289	260	120	120
- prior year	-	20	-	20
- Others	2	2	2	2
- Remuneration	2,788	2,624	97	89
Other Directors	237	178	-	-
- Remuneration	3,316	3,084	219	231

20. Finance costs

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest expense on :				
Finance lease liabilities	66	64	-	-
Term loans	373	453	-	-
Bank overdrafts	48	46	-	-
Onshore foreign currency loans	219	466	-	-
Bankers' acceptances	194	221	-	-
Trust receipts	56	-	56	-
ICULS	411	80	411	80

21. Tax expense

Recognised in profit or loss

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Income tax expense on continuing operations	10,716	3,469	1,161	771

21. Tax expense (continued)

Major components of tax expense include :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
Malaysian tax				
- Current year	6,737	3,205	379	135
- Prior years	(156)	(104)	-	-
Overseas tax				
- Current year	759	-	-	-
Total current tax recognised in profit or loss	7,340	3,101	379	135
Deferred tax expense				
- Origination and reversal of temporary differences	3,535	745	782	636
- Prior years	(132)	(350)	-	-
- Revaluation	(27)	(27)	-	-
Total deferred tax recognised in profit or loss	3,376	368	782	636
Total tax expense	10,716	3,469	1,161	771

Reconciliation of tax expense

	2016 RM'000	2015 RM'000
Group		
Profit for the year	57,428	39,656
Total tax expense	10,716	3,469
Profit excluding tax	68,144	43,125
Income tax calculated using Malaysian tax rate at 24% (2015 : 25%)	16,355	10,781
Effect of higher tax rate in foreign jurisdictions	94	-
Non-deductible expenses	2,285	1,381
Income not subject to tax	(377)	(256)
Tax incentive	(9,680)	(8,844)
Reversal of deferred tax on revaluation	(27)	(27)
Effects of unrecognised deferred tax assets	2,273	889
Over provision in prior years	(288)	(454)
Effect of change in tax rate #	-	(5)
Others	81	4
Tax expense	10,716	3,469

21. Tax expense (continued)

Reconciliation of tax expense (continued)

	2016 RM'000	2015 RM'000
Company		
Profit before tax	42,369	10,536
Income tax calculated using Malaysian tax rate at 24% (2015 : 25%)	10,169	2,634
Non-deductible expenses	575	9
Income not subject to tax	(9,640)	(2,356)
Effect of unrecognised deferred tax assets	-	484
Others	57	-
Tax expense	1,161	771

The Malaysian Budget 2014 announced the reduction of corporate tax to 24% with effect from year of assessment 2016. Consequently the deferred tax assets and liabilities which are expected to reverse in 2016 and beyond are measured using the tax rate of 24%.

22. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM55,854,000 (2015 : RM38,510,000) and on the weighted average number of ordinary shares outstanding during the year of 107,339,643 (2015 : 105,211,592) calculated as follows :

	2016	2015
Issued ordinary shares at 1 January	105,212,250	105,211,500
Effect of warrants exercised during the year	184,323	92
Effect of conversion of ICULS during the year	1,943,070	-
Weighted average number of ordinary shares at 31 December	107,339,643	105,211,592
Basic earnings per ordinary share (sen)	52.03	36.60

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM55,854,000 (2015 : RM38,510,000) and on the weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares of 164,068,894 (2015 : 118,984,303) calculated as follows :

	Note	2016	2015
Weighted average number of ordinary shares at 31 December (basic)		107,339,643	105,211,592
Effect of exercise of warrants		16,511,163	13,772,711
Effect of conversion of ICULS		40,218,088	-
Weighted average number of ordinary shares at 31 December (diluted)		164,068,894	118,984,303
Diluted earnings per ordinary share (sen)		34.04	32.36

23. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Group/Company

On 15 October 2014, the Company issued RM52,602,250 nominal value of 5-year 5% ICULS at 100% of its nominal value on the basis of one nominal value of ICULS for every two ordinary shares of RM1.00 each in the Company ("TGIB") held at 5.00pm on 17 September 2014, together with 26,301,106 free warrants on the basis of one warrant for every two ICULS subscribed for, payable in full upon acceptance based on a minimum subscription of 27,031,787 ICULS.

The main features of the ICULS are as follows :

- i) The ICULS were issued in multiples of RM1.00 and constituted by a Trust Deed dated 25 August 2014 made between the Company and the Trustee for the holders of the ICULS;
- ii) The ICULS are convertible into new ordinary shares of RM1.00 each in the Company at any time from the second anniversary from the date of issuance of the ICULS up to and including the maturity date and where if there is any outstanding ICULS on the maturity date, the same shall be automatically converted into new TGIB shares at conversion price;
- iii) Upon conversion of the ICULS into new ordinary shares, such shares shall rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company except that the new shares so allotted shall not be entitled to any dividend, right, allotment and/or other distribution, the entitlement date of which is prior to the date of conversion of the ICULS; and
- iv) The interest on the ICULS at the rate of 5% per annum is payable semi-annually in arrears from the date of issuance of the ICULS except that the last coupon payment shall be made on the maturity date.

The residual value, after deducting the liability component from the fair value of the instrument as a whole, is attributed to the equity component as follows :

	Liability component of ICULS (Note 15) RM'000	Equity component of ICULS (Note 14) RM'000	Total RM'000
At the date of issuance of ICULS			
- nominal value	11,645	26,296	37,941
At 1 January 2015	11,645	26,296	37,941
Interest expense (Note 20)	80	-	80
Interest paid	(2,623)	-	(2,623)
At 31 December 2015/ 1 January 2016	9,102	26,296	35,398
Conversion of ICULS into ordinary shares	(1,297)	(6,191)	(7,488)
Interest expense (Note 20)	411	-	411
Interest paid	(2,635)	-	(2,635)
At 31 December 2016	5,581	20,105	25,686

The liability component at 31 December is further analysed as follows :

	2016 RM'000	2015 RM'000
Within 1 year	1,945	2,432
Within 1 to 5 years	3,636	6,670
	5,581	9,102

24. Dividends - Group and Company

Dividends recognised by the Company :

	Sen per share	Total amount RM'000	Date of payment
2016			
- Final 2015 single tier ordinary dividend	9.00	9,474	18 August 2016
- Interim 2016 single tier ordinary dividend	6.00	6,317	28 October 2016
	<u>15.00</u>	<u>15,791</u>	
2015			
- Final 2014 single tier ordinary dividend	4.00	4,208	18 August 2015
	<u>4.00</u>	<u>4,208</u>	

A final single tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 has been recommended by the Directors and subject to shareholders' approval at the forthcoming Annual General Meeting. The financial statements do not reflect this final dividend which, when approved by the shareholders of the Company, will be accounted for as an appropriation of retained earnings from the owners' equity in the financial year ending 31 December 2016.

25. Capital commitments

	2016 RM'000	2015 RM'000
Group		
Contracted but not provided for Property, plant and equipment	<u>26,514</u>	<u>9,125</u>
Company		
Contracted but not provided for Property, plant and equipment	<u>6,879</u>	<u>-</u>

26. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the financial year.

27. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- Plastic products
- Food, beverages and other consumable products

Other non-reportable segment represents the investment holding and other activities of the Group.

27. Operating segments (continued)

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payments and intangible assets other than goodwill.

	Plastic products		Food, beverages and other consumable products		Others		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit	61,167	38,370	3,212	2,723	3,765	2,032	68,144	43,125
Included in the measure of segment profit are :								
- Depreciation and amortisation	15,849	19,012	806	703	64	64	16,719	19,779
- Revenue from external customers	690,835	673,669	49,382	36,908	2,651	421	742,868	710,998
Segment assets	516,289	455,615	42,789	41,271	59,620	37,692	618,698	534,578
Included in the measure of segment assets is :								
- Capital expenditure	22,840	23,586	1,975	1,596	-	-	24,815	25,182
- Intangible asset	-	-	222	-	-	-	222	-

Geographical segments

The business segments are operated principally in Malaysia and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments.

27. Operating segments (continued)

Geographical information

	2016 RM'000	2015 RM'000
Revenue		
Japan	225,289	198,667
Malaysia	154,700	155,095
Australia	109,639	111,373
Korea	38,450	22,668
New Zealand	29,407	29,053
Philippines	27,514	19,293
Singapore	24,176	22,983
China	10,740	35,477
Vietnam	8,541	10,961
Others	114,412	105,428
	<u>742,868</u>	<u>710,998</u>
Non-current assets		
Malaysia	124,938	116,510
China	23,355	26,186
Vietnam	3,518	3,316
	<u>151,811</u>	<u>146,012</u>

28. Related parties

28.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

- i) Companies controlled by the Company
 - subsidiaries as disclosed in Note 6

- ii) Companies in which certain Directors are deemed to have substantial financial interests :
 - Thong Guan Plastic Industries (Kelantan) Sdn. Bhd. ("TGPK")
 - Kimanis Food Industry Sdn. Bhd. ("KFI")
 - Kimanis Property Sdn. Bhd. ("KP")

- iii) Companies in which close members of the family of certain Directors and key management personnel of the Group are deemed to have substantial financial interests :
 - Bounty Values Sdn. Bhd. ("BV")
 - Fang Thong Trading ("FTT")
 - Respack Manufacturing Sdn. Bhd. ("RMSB")

- iv) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include certain Directors of the Group and persons connected with Directors of the Group :

- Dato' Ang Poon Chuan
- Dato' Ang Poon Khim
- Datuk Ang Poon Seong
- Ang See Ming
- Ang See Cheong

28. Related parties (continued)

28.2 Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 16 to the financial statements.

28.2.1 Transactions with subsidiaries :

	2016 RM'000	2015 RM'000
Company		
Dividend income (gross)	39,000	8,504
Interest income	<u>42</u>	<u>25</u>

28.2.2 Transactions with companies in which certain Directors are deemed to have substantial financial interests :

i) Sales to :	Group	
	2016 RM'000	2015 RM'000
KFI	<u>2,945</u>	<u>2,572</u>
ii) Purchases from :		
	2016 RM'000	2015 RM'000
KFI	<u>4,995</u>	<u>5,868</u>
iii) Rental expense paid and payable to :		
	2016 RM'000	2015 RM'000
KP	<u>62</u>	<u>60</u>

28.2.3 Transactions with companies in which close members of the family of certain Directors and key management personnel of the Group are deemed to have substantial financial interests :

i) Sales to :	Group	
	2016 RM'000	2015 RM'000
RMSB	25	66
FTT	<u>48</u>	<u>62</u>
ii) Purchases from :		
	2016 RM'000	2015 RM'000
FTT	<u>168</u>	<u>204</u>

28. Related parties (continued)

28.2 Significant related party transactions (continued)

iii) Rental expense paid and payable to :

	2016 RM'000	2015 RM'000
BV	794	654

28.3 There were no transactions with key management personnel and Directors of the Group other than the remuneration package paid to them as disclosed in Note 19.

29. Financial instruments

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R RM'000	AFS RM'000
2016			
Financial assets			
Group			
Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments)	152,816	152,816	-
Cash and cash equivalents	152,610	152,610	-
	<u>306,023</u>	<u>305,456</u>	<u>567</u>
Company			
Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments)	62,859	62,859	-
Cash and cash equivalents	29,174	29,174	-
	<u>92,630</u>	<u>92,063</u>	<u>567</u>
2015			
Financial assets			
Group			
Other investments	3,090	-	3,090
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments)	119,615	119,615	-
Cash and cash equivalents	103,896	103,896	-
	<u>226,631</u>	<u>223,541</u>	<u>3,090</u>
Company			
Other investments	723	-	723
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables	22,316	22,316	-
Cash and cash equivalents	36,483	36,483	-
	<u>59,552</u>	<u>58,829</u>	<u>723</u>

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

2016	Carrying amount	FL
Financial liabilities	RM'000	RM'000
Group		
Loans and borrowings	56,740	56,740
Trade and other payables	117,468	117,468
	<u>174,208</u>	<u>174,208</u>
Company		
Loans and borrowings	14,717	14,717
Trade and other payables	1,336	1,336
	<u>16,053</u>	<u>16,053</u>
2015		
Financial liabilities		
Group		
Loans and borrowings	51,592	51,592
Trade and other payables	84,694	84,694
	<u>136,286</u>	<u>136,286</u>
Company		
Loans and borrowings	9,102	9,102
Trade and other payables	881	881
	<u>9,983</u>	<u>9,983</u>

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on :				
Loans and receivables	3,475	(9,976)	3,299	2,077
Available-for-sale financial assets				
- recognised in profit or loss	(35)	326	(34)	285
- recognised in equity	(5)	(18)	(5)	16
Financial liabilities measured at amortised cost	<u>(1,367)</u>	<u>(1,330)</u>	<u>(467)</u>	<u>(80)</u>
	<u>(2,068)</u>	<u>(10,998)</u>	<u>2,793</u>	<u>2,298</u>

29.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities. The Company is also exposed to credit risk arises principally from advances to subsidiaries and investment securities.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no concentration of risk. The maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables and the risk is also mitigated by the deposits collected from customers.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was :

	2016 RM'000	2015 RM'000
Group		
Domestic	53,670	33,045
Asia, other than Malaysia	37,565	33,465
Australia	22,983	28,080
Europe	3,951	3,675
United State of America	-	2,362
Others	8,209	2,636
	<u>126,378</u>	<u>103,263</u>

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was :

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2016			
Not past due	96,346	-	96,346
Past due 1 - 30 days	22,984	-	22,984
Past due 31 - 60 days	2,946	-	2,946
Past due more than 60 days	16,119	(12,017)	4,102
	<u>138,395</u>	<u>(12,017)</u>	<u>126,378</u>
2015			
Not past due	73,005	-	73,005
Past due 1 - 30 days	17,339	-	17,339
Past due 31 - 60 days	6,622	(588)	6,034
Past due more than 60 days	15,225	(8,340)	6,885
	<u>112,191</u>	<u>(8,928)</u>	<u>103,263</u>
Company			
2016			
Not past due	18,104	-	18,104
Past due 1 - 30 days	6,446	-	6,446
Past due more than 60 days	591	(591)	-
	<u>25,141</u>	<u>(591)</u>	<u>24,550</u>
2015			
Past due 1 - 30 days	232	-	232
Past due more than 60 days	599	(599)	-
	<u>831</u>	<u>(599)</u>	<u>232</u>

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses of trade receivables during the year were :

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	8,928	6,295	599	610
Impairment loss recognised (Note 18)	3,379	2,685	-	-
Impairment loss reversed (Note 18)	(159)	(52)	(8)	(11)
Impairment loss written off	(131)	-	-	-
At 31 December	<u>12,017</u>	<u>8,928</u>	<u>591</u>	<u>599</u>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of unquoted shares.

The Group and the Company do not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

The movements in allowance for impairment loss during the year are shown in Note 7.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries of the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries. Nevertheless, these advances are not considered overdue and are repayable on demand.

29. Financial instruments (continued)

29.4 Credit risk (continued)

Corporate guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk representing the outstanding unsecured banking facilities of the subsidiaries as at the end of the reporting period is as follows:

- (i) the Company has issued corporate guarantees to licensed banks for banking facilities granted to certain subsidiaries up to a limit of RM522.5 million (2015 : RM334.6 million) of which RM51.7 million (2015 : RM62.8 million) have been utilised as at the end of the reporting period.
- (ii) the Company has issued corporate guarantees amounting to RM168.6 million (2015 : RM164.0 million) to vendors for the purchase of raw materials by certain subsidiaries. The amount owing by the subsidiaries to those vendors as at the end of the reporting period amounted to RM23.4 million (2015 : RM15.8 million).

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment of its outstanding credit facilities.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Contingent liability

The Company has provided financial support to certain subsidiaries to enable them to continue operating as a going concern.

29.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2016							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	5,581	5.00	5,581	1,945	1,859	1,777	-
Term loans	10,180	3.65 - 3.72	10,743	3,895	3,762	3,086	-
Finance lease liabilities	1,707	5.51 - 6.23	1,917	655	432	830	-
Bank overdrafts	1,072	8.60 - 8.98	1,072	1,072	-	-	-
Onshore foreign currency loans	13,637	1.40 - 1.65	13,637	13,637	-	-	-
Bankers' acceptances	4,284	5.04 - 5.07	4,284	4,284	-	-	-
Trust receipts	20,279	1.49 - 1.97	20,279	20,279	-	-	-
Trade and other payables	117,468	-	117,468	117,468	-	-	-
	<u>174,208</u>		<u>174,981</u>	<u>163,235</u>	<u>6,053</u>	<u>5,693</u>	<u>-</u>
Group							
2015							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	9,102	5.00	9,102	2,432	2,325	4,345	-
Term loans	13,031	3.22 - 3.43	13,926	3,664	3,712	6,550	-
Finance lease liabilities	980	2.60 - 6.60	1,055	459	596	-	-
Bank overdrafts	870	7.98	870	870	-	-	-
Onshore foreign currency loans	23,127	1.00 - 1.21	23,127	23,127	-	-	-
Bankers' acceptances	4,482	4.00 - 4.89	4,482	4,482	-	-	-
Trade and other payables	84,694	-	84,694	84,694	-	-	-
	<u>136,286</u>		<u>137,256</u>	<u>119,728</u>	<u>6,633</u>	<u>10,895</u>	<u>-</u>

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2016							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	5,581	5.00	5,581	1,945	1,859	1,777	-
Trust receipts	9,136	1.87 - 1.97	9,136	9,136	-	-	-
Trade and other payables	1,336	-	1,336	1,336	-	-	-
Financial guarantees	-	-	75,182	75,182	-	-	-
	<u>16,053</u>		<u>91,235</u>	<u>87,599</u>	<u>1,859</u>	<u>1,777</u>	<u>-</u>
2015							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	9,102	5.00	9,102	2,432	2,325	4,345	-
Trade and other payables	881	-	881	881	-	-	-
Financial guarantees	-	-	78,665	78,665	-	-	-
	<u>9,983</u>		<u>88,648</u>	<u>81,978</u>	<u>2,325</u>	<u>4,345</u>	<u>-</u>

29. Financial instruments (continued)

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar ("USD"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), Singapore Dollar ("SGD") and European Euro ("EUR").

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged using derivative financial instruments such as forward foreign exchange contracts. Where necessary, the forward foreign exchange contracts are rolled over at maturity at market rates.

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensured that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	JPY RM'000	AUD RM'000	SGD RM'000	EUR RM'000	Total RM'000
Group						
2016						
Trade and other receivables	95,147	1,964	6,932	1,414	2,995	108,452
Cash and bank balances	59,233	3,229	942	1,660	975	66,039
Short term deposits with licensed banks	-	-	2,995	-	-	2,995
Trade and other payables	(53,669)	(194)	(137)	-	(200)	(54,200)
Loans and borrowings	(44,096)	-	-	-	-	(44,096)
Net exposure	56,615	4,999	10,732	3,074	3,770	79,190
2015						
Trade and other receivables	62,370	1,446	4,261	1,768	2,382	72,227
Cash and bank balances	22,716	1,791	7,367	5,120	467	37,461
Short term deposits with licensed banks	-	-	2,395	-	-	2,395
Trade and other payables	(54,417)	-	(18)	-	(3,510)	(57,945)
Loans and borrowings	(36,158)	-	-	-	-	(36,158)
Net exposure	(5,489)	3,237	14,005	6,888	(661)	(17,980)

29. Financial instruments (continued)

29.6 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk (continued)

	USD RM'000	JPY RM'000	AUD RM'000	SGD RM'000	EUR RM'000	Total RM'000
Company						
2016						
Trade and other receivables	24,674	-	-	-	-	24,674
Cash and bank balances	10,621	-	-	-	-	10,621
Trade and other payables	(188)	-	-	-	-	(188)
Loans and borrowings	(9,136)	-	-	-	-	(9,136)
Net exposure	25,971	-	-	-	-	25,971
2015						
Trade and other receivables	551	-	-	-	-	551
Trade and other payables	(319)	-	-	-	-	(319)
Net exposure	232	-	-	-	-	232

Currency risk sensitivity analysis

A 10% (2015 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit or loss	
	2016 RM'000	2015 RM'000
Group		
USD	(4,303)	412
JPY	(380)	(243)
AUD	(816)	(1,050)
SGD	(234)	(517)
EUR	(287)	50
Company		
USD	(1,974)	(17)

A 10% (2015 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's primary interest rate risk is related to debts obligations and deposits, which are mainly confined to bank borrowings and short term deposits with licensed banks. Fixed rate borrowings are exposed to a risk of change in their fair value due to the changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

Bank borrowings are on fixed and floating rates terms. The interest rates are negotiated in order to ensure that the Group benefits from the lowest possible financing costs.

29. Financial instruments (continued)

29.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group RM'000	Company RM'000
2016		
Fixed rate instruments		
Financial assets	4,515	941
Financial liabilities	(25,209)	(5,581)
	<u>(20,694)</u>	<u>(4,640)</u>
Floating rate instruments		
Financial liabilities	<u>(31,531)</u>	<u>(9,136)</u>
2015		
Fixed rate instruments		
Financial assets	19,122	4,700
Financial liabilities	(37,691)	(9,102)
	<u>(18,569)</u>	<u>(4,402)</u>
Floating rate instruments		
Financial liabilities	<u>(13,901)</u>	<u>-</u>

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant. There is no impact to entity arising from exposures to interest rate risk.

	Group Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
2016		
Floating rate instruments	<u>(240)</u>	<u>240</u>
2015		
Floating rate instruments	<u>(104)</u>	<u>104</u>

29.7 Fair value information

Recognised financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's and the Company's investments in unquoted investments due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

29. Financial instruments (continued)

29.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2016										
Group										
Financial liabilities										
Term loans	-	-	-	-	-	-	10,180	10,180	10,180	10,180
Finance lease liabilities	-	-	-	-	-	-	1,707	1,707	1,707	1,707
Liability component of ICULS	-	-	-	-	-	-	5,581	5,581	5,581	5,581
	-	-	-	-	-	-	17,468	17,468	17,468	17,468
Company										
Financial liabilities										
Liability component of ICULS	-	-	-	-	-	-	5,581	5,581	5,581	5,581
2015										
Group										
Financial assets										
Other investments - Quoted in Malaysia	-	2,523	-	2,523	-	-	-	-	2,523	2,523
Financial liabilities										
Term loans	-	-	-	-	-	-	13,031	13,031	13,031	13,031
Finance lease liabilities	-	-	-	-	-	-	980	980	980	980
Liability component of ICULS	-	-	-	-	-	-	9,102	9,102	9,102	9,102
	-	-	-	-	-	-	23,113	23,113	23,113	23,113
Company										
Financial assets										
Other investments - Quoted in Malaysia	-	156	-	156	-	-	-	-	156	156
Financial liabilities										
Liability component of ICULS	-	-	-	-	-	-	9,102	9,102	9,102	9,102

29. Financial instruments (continued)

29.7 Fair value information (continued)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of ICULS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2015: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair values of term loans and finance lease liabilities are calculated using discounted cash flows.

30. Acquisition of subsidiaries

During last financial year ended 31 December 2015, the Company through its subsidiary, Syarikat Thong Guan Trading Sdn. Bhd. ("STGT") had on 1 August 2015 acquired 60% of the equity interest in Everprosper Food Industries Sdn. Bhd. ("EFI") which wholly owned Everprosper Marketing Sdn. Bhd. ("EM"). Upon completion of the said acquisition, EFI and EM became the 60% owned subsidiaries of STGT. The principal activity of EFI is the manufacturing and trading of noodle products while EM is principally engaged in dealing and trading of food products, beverages and delicatessen.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2015 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	1,440
Identifiable assets acquired and liabilities assumed	
Plant and equipment (Note 3)	280
Inventories	347
Trade and other receivables	627
Cash and cash equivalents	881
Trade and other payables	(1,533)
Borrowings	(10)
Total identifiable net assets	592

30. Acquisition of subsidiaries (continued)

2015
RM'000

Net cash outflow arising from acquisition of subsidiary

Purchase consideration settled in cash and cash equivalents	(1,440)
Cash and cash equivalents acquired	881
	<u>(559)</u>

2015
RM'000

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

Total consideration transferred	1,440
Fair value of identifiable net assets	(592)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	237
Goodwill	<u>1,085</u>

The goodwill on consolidation is written off and included in other operating expenses.

31. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	2016 RM'000	2015 RM'000
Group		
Total retained earnings of the Company and its subsidiaries :		
- realised	255,447	216,084
- unrealised	(1,169)	1,850
	<u>254,278</u>	<u>217,934</u>
Less : Consolidated adjustments	(12,252)	(10,695)
Total retained earnings	<u>242,026</u>	<u>207,239</u>
Company		
Total retained earnings/(accumulated losses)		
- realised	<u>10,614</u>	<u>(9,527)</u>

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No. 1 Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Thong Guan Industries Berhad

(Company No. 324203 K)

(Incorporated in Malaysia)

and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the financial statements set out on pages 35 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 93 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :

.....
Dato' Ang Poon Chuan
Director

.....
Ang See Ming
Director

Kedah Darul Aman,

Date : 27 April 2017

Thong Guan Industries Berhad

(Company No. 324203 K)

(Incorporated in Malaysia)

and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act, 2016

I, **Dato' Ang Poon Chuan**, the Director primarily responsible for the financial management of Thong Guan Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Dato' Ang Poon Chuan, NRIC: 440728-02-5307, at Georgetown in the State of Penang on 27 April 2017.

.....
Dato' Ang Poon Chuan

Before me :

Independent auditors' report to the members of Thong Guan Industries Berhad

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Thong Guan Industries Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other 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 35 to 92.

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 December 2016, 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, 1965 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables

Refer to Note 11 - Trade and other receivables and Note 29.4 - Financial instruments

The Group has trade receivables amounting to RM126 million, representing 27% of the Group's total current assets as at 31 December 2016. In the current global economic climate and challenging market conditions, the credit risk of customers remains a concern. The Directors applied judgement and assumptions in assessing the level of allowance for impairment loss required in writing down the trade receivables to their recoverable amounts and due to the significant amount involved and judgement exercised together with the inherent uncertainty in the assumptions applied by the Directors to determine the level of allowance, this matter has been identified as a key audit matter.

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- Assessed the adequacy of the Group's allowance for impairment loss made against the doubtful trade receivables by challenging the Directors' judgement and assumptions on any residual balances of significant past due debts after subsequent receipts, taking into account of past payment trend, externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry;
- Inspected the settlement plan with the Group's trade receivables to ascertain the conduct of those receivables and to corroborate with the Directors' basis and assumptions;
- Tested the cash receipts after the year end that relating to the past due debts; and
- Tested the accuracy of the trade receivables ageing report used by the Directors in assessing and monitoring of the debtors' profiles

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report 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, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

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, 1965 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 ability of the Group and of the Company 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.

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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company 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 gives a true and fair view.
- 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Lim Su Ling
Approval Number : 3098/12/17 (J)
Chartered Accountant

Penang

Date : 27 April 2017

LIST OF PROPERTIES OWNED BY THE GROUP

Location	Description	Approximate Land Area (sq.ft.)	Age of Building	Tenure	Net Book Value RM million	Date of Valuation/ Acquisition
Lot No. P.T.18876, H.S.(D) No.98/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	107,288	18-20 years	60 years, leasehold, expiring on 12.4.2052	0.46	28.11.1995
Lot. No. P.T.18877, H.S.(D) No.99/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	82,067	22 years	60 years, leasehold, expiring on 12.4.2052	0.65	28.11.1995
Lot P.T.18878, H.S.(D) No.100/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory building	141,309	16 years	60 years, leasehold, expiring on 4.6.2055	3.26	31.12.2004
Lot No. P.T.19449, Lot No. 950 H.S.(M) No. 249/92 and SP 4009 Mukim of Sungai Petani District of Kuala Muda, Kedah	Factories and office building	208,898	19-32 years	Freehold	3.85	28.11.1995
Lot P.T.48288, H.S.(D) No.12034/95 Mukim of Sungai Petani District of Kuala Muda, Kedah	Factories and office building	339,590	14-34 years	Freehold	4.51	28.11.1995
Lot P.T. 129301, H.S.(D) KA27799 Mukim Hulu Kinta District of Kinta, Ipoh, Perak	Warehouse with office building	5,500	32 years	99 years leasehold, expiring on 18.7.2092	0.14	28.05.1997
Lot No.P.T.D.89829 H.S.(D) 191571 Mukim of Pelentung District of Johor Bahru, Johor	Warehouse with office building	6,855	24 years	Freehold	0.50	31.12.2004
CL 015373672 Lorong Rambutan Off KM 11 Jln Tuaran Kota Kinabalu Sabah	Factory and other buildings	82,764	28 years	60 years leasehold, expiring on 31.12.2035	1.51	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jln Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	38 years	999 years leasehold, expiring on 16.6.2914	0.10	13.12.1995
TL 077549707 Lot 13, Hock Seng Industrial Estate Jalan Bomba, Off KM 5 Jalan Utara Sandakan	Double storey semi-detached light industrial building	5,670	25 years	60 years leasehold, expiring on 31.12.2040	0.18	13.12.1995
CL 105390707 KM4, Jalan Apas Tawau, Sabah	Vacant industrial land	37,462	-	999 years leasehold, expiring on 21.5.2930	0.30	13.12.1995
Jiangsu Province Year 2002 Land No: 01006061 Jiulong South Road Wujiang Economic Developing Area Jiangsu, China	Factory with office buildings	315,425	11-15 years	50 years leasehold, expiring on 31.12.2049	5.51	01.01.2000
Pangjin Road Wujiang Economic Developing Area Jiangsu, China	Factory buildings	716,876	11-12 years	50 years leasehold, expiring on 08.03.2053	7.04	09.03.2004
Lot No. 49, Section 65, H.S.(D) 95/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office buildings	138,822	11 years	60 years leasehold, expiring on 11.04.2052	5.09	18.05.2010
Lot No. PT2223, H.S. (M) 1365, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Factory with office building	278,785	16-17 years	60 years leasehold, expiring on 4.7.2055	3.39	26.08.2011
Lot No. PT2574, H.S. (M) 2798, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Warehouse	83,689	12 years	60 years leasehold, expiring on 15.9.2050	0.82	26.08.2011
No. 12 VSIP II Street 9, Vietnam Singapore Industrial Park II Ben Cat District Binh Duong Province, Vietnam	Vacant industrial land	269,571	-	48 years leasehold, expiring on 30.11.2055	3.52	21.09.2007
Lot No.97, Seksyen 65, HSD 143/92 Mukim Sungai Petani, District of Kuala Muda, Kedah	Factory with office building	37,383	22 years	60 years leasehold, expiring on 23.11.2054	2.51	11.09.2014

ANALYSIS OF ORDINARY SHAREHOLDINGS as at 29 March 2017

Paid up capital	-	119,950,948 ordinary shares
Class of shares	-	Ordinary shares
Voting rights	-	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholding	No. of shareholders	No. of shares held	% of issued capital
Less than 100	161	9,760	0.01
100 - 1,000	756	593,713	0.50
1,001 - 10,000	2,148	9,386,128	7.83
10,001 - 100,000	708	21,009,346	17.51
100,001 - 5,997,546	133	47,048,376	39.22
5,997,547 - 119,950,948	2	41,903,625	34.93
TOTAL	3,908	119,950,948	100.00

DIRECTORS' SHAREHOLDINGS

Name of directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	928,500	0.77	249,000 ^(a)	0.21
Datuk Ang Poon Seong	589,125	0.49	-	-
Dato' Ang Poon Khim	642,325	0.54	61,600 ^(a)	0.05
Ang See Ming	592,508	0.49	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes :

(a) Deemed interested via shares held by spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Foremost Equals Sdn Bhd	41,903,625	34.93	-	-

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDINGS as at 29 March 2017

No of ICULS 2014/2019 Issued	-	38,586,227
Exercise/Conversion Price	-	RM1.00 of ICULS for 1 new Ordinary Share
Coupon Rate	-	5% per annum payable semi-annually in arrears
Maturity Date	-	10 October 2019

DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS holding	No. of ICULS holders	No. of ICULS held	% of ICULS holdings
Less than 100	23	499	0.00
100 - 1,000	156	99,442	0.26
1,001 - 10,000	345	1,533,754	3.97
10,001 - 100,000	143	4,280,773	11.09
100,001 - 1,929,310	21	11,026,259	28.58
1,929,311 - 38,586,227	1	21,645,500	56.10
TOTAL	689	38,586,227	100.00

DIRECTORS' ICULS HOLDINGS

Name of directors	Direct Interest	Indirect Interest		
	No. of ICULS	%	No. of ICULS	%
Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	485,000	1.26	171,600 ^(a)	0.44
Datuk Ang Poon Seong	294,562	0.76	-	-
Dato' Ang Poon Khim	321,162	0.83	83,350 ^(a)	0.22
Ang See Ming	597,400	1.55	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes :

(a) Deemed interested via shares held by spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

ANALYSIS OF WARRANT HOLDINGS as at 29 March 2017

No of Warrants 2014/2019 Issued	-	25,570,681
Exercise/Conversion Price	-	RM1.50
Exercise/Conversion Ratio	-	1 Warrant for 1 new Ordinary Share
Maturity Date	-	9 October 2019

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holding	No. of Warrant holders	No. of Warrants	% of Warrant holdings
Less than 100	108	4,810	0.02
100 - 1,000	275	159,507	0.62
1,001 - 10,000	558	2,265,049	8.86
10,001 - 100,000	171	4,714,004	18.44
100,001 - 1,278,533	31	7,604,561	29.74
1,278,534 - 25,570,681	1	10,822,750	42.32
TOTAL	1,144	25,570,681	100.00

DIRECTORS' WARRANT HOLDINGS

Name of directors	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	242,500	0.95	55,800 ^(a)	0.22
Datuk Ang Poon Seong	117,281	0.46	-	-
Dato' Ang Poon Khim	160,581	0.63	26,700 ^(a)	0.10
Ang See Ming	298,700	1.17	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes :

(a) Deemed interested via shares held by spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016.

LIST OF 30 LARGEST SHAREHOLDERS (as at 29 March 2017)

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	24,900,000	20.7585
2	FOREMOST EQUALS SDN BHD	10,903,625	9.0901
3	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOREMOST EQUALS SDN.BHD.	6,100,000	5.0854
4	AMSEC NOMINEES (TEMPATAN) SDN BHD AMINVESTMENT BANK BERHAD (AMMBUW)	2,733,750	2.2791
5	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,503,100	1.2531
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	1,430,100	1.1922
7	HSBC NOMINEES (ASING) SDN BHD, EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (FINLAND)	1,377,000	1.1480
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	1,308,700	1.0910
9	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH AGGRESSIVE FUND	1,298,000	1.0821
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AM INV)	1,185,900	0.9887
11	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,174,700	0.9793
12	SENSIBLE MATRIX SDN BHD	1,108,869	0.9244
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,000,000	0.8337
14	TAN LEE HWA	898,000	0.7486
15	TAN LENG MOOI	730,000	0.6086
16	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	688,200	0.5737
17	ANG POON KHIM	642,325	0.5355
18	CHEAM HENG MING	614,800	0.5125
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR CIMB-PRINCIPAL SMALL CAP FUND (240218)	589,800	0.4917
20	ANG POON SEONG	589,125	0.4911
21	ANG POON CHUAN	564,000	0.4702
22	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BANK SIMPANAN NASIONAL	544,000	0.4535
23	AMANAHRAYA TRUSTEES BERHAD AMITIKAL	528,400	0.4405
24	DENVER CAPITAL SDN BHD	527,200	0.4395
25	NEOH CHOO EE & COMPANY, SDN. BERHAD	500,000	0.4168
26	ANG SEE MING	497,500	0.4148
27	AU YONG MUN YUE	470,000	0.3918
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOCK WAN CHING (MARGIN)	468,800	0.3908
29	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM SOON AIK	450,000	0.3752
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN (6000051)	430,000	0.3585
		65,755,894	54.8190

LIST OF 30 LARGEST IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDERS (AS AT 29 MARCH 2017)

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	21,645,500	56.0964
2	SUPERB SENSE SDN BHD	1,750,000	4.5353
3	AMSEC NOMINEES (TEMPATAN) SDN BHD AMINVESTMENT BANK BERHAD (AMMBUW)	1,272,202	3.2970
4	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,209,400	3.1343
5	LASER CARTEL SDN BHD	750,000	1.9437
6	LEE AH SEE	734,062	1.9024
7	DYNAQUEST SDN. BERHAD	717,900	1.8605
8	ANG SEE MING	597,400	1.5482
9	SENSIBLE MATRIX SDN BHD	554,434	1.4369
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG KOK CHING	460,000	1.1921
11	ANG POON KHIM	321,162	0.8323
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	315,000	0.8164
13	NEOH CHOO EE & COMPANY, SDN. BERHAD	300,000	0.7775
14	ANG POON CHUAN	294,600	0.7635
15	ANG POON SEONG	294,562	0.7634
16	CHOY WEE CHIAP	245,200	0.6355
17	ANG POON CHUAN	190,400	0.4934
18	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE EAN SENG	150,000	0.3887
19	LEE AH SEE	141,750	0.3674
20	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	120,000	0.3110
21	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SOO CHING	117,500	0.3045
22	GOEY NEOW KIAH @ GOEY CHOO MAI	115,900	0.3004
23	CHEAH KHENG KEOW	114,237	0.2961
24	SEAH MOK KHOON	102,250	0.2650
25	PO KONG YEE	100,000	0.2592
26	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHIMAH STEPHENS (CEB)	100,000	0.2592
27	SEE EAN SENG	100,000	0.2592
28	LIM SOON HUAT	93,700	0.2428
29	ANG ENG JOO	91,000	0.2358
30	ANG ENG YEAN	82,312	0.2133
		33,080,471	85.7313

LIST OF 30 LARGEST WARRANT HOLDERS (as at 29 March 2017)

(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	10,822,750	42.3248
2	SUPERB SENSE SDN BHD	875,000	3.4219
3	AMSEC NOMINEES (TEMPATAN) SDN BHD AMINVESTMENT BANK BERHAD (AMMBUW)	636,101	2.4876
4	LIM GAIK BWAY @ LIM CHIEW AH	434,000	1.6973
5	LAU SOCK LOOI	432,500	1.6914
6	LEE AH SEE	357,031	1.3963
7	NGEE PENG SOON	336,200	1.3148
8	ANG SEE MING	298,700	1.1681
9	PUA SONG KING	294,800	1.1529
10	SENSIBLE MATRIX SDN BHD	277,217	1.0841
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHEE WAI	260,800	1.0199
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	245,350	0.9595
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGEE PENG SOON (7000564)	220,000	0.8604
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVAN A/L DINASAN	212,700	0.8318
15	LIM JIT HAI	205,000	0.8017
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD YONG YUENG LAN	205,000	0.8017
17	CHOY WEE CHIAP	203,600	0.7962
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH YEW PENG	200,000	0.7821
19	NG HO FATT	173,300	0.6777
20	ANG POON KHIM	160,581	0.6280
21	YONG CHEE HOO	150,000	0.5866
22	ANG POON CHUAN	147,300	0.5761
23	TANG WEI PIAU	142,400	0.5569
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE SEE KIM	138,000	0.5397
25	ANG POON SEONG	117,281	0.4587
26	KHOW ENG GUAN	107,000	0.4184
27	CHEAM HENG MING	105,500	0.4126
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEONG TUCK CHEE	101,900	0.3985
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD DEVAN A/L DINASAN	101,750	0.3979
30	HILARY FERNANDEZ	100,000	0.3911
		18,061,761	70.6346

Thong Guan Industries Berhad

(Company No. 324203 K)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting of shareholders of the Company will be held at Amber Hall, 1st Floor, The Pure Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Tuesday, 30 May 2017 at 11:00 a.m. to transact the following business :

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon.
2. To approve a final single tier dividend of 6 sen per ordinary share for the financial year ended 31 December 2016 Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 63 of the Company's Articles of Association :-

(a) Dato' Ang Poon Chuan Ordinary Resolution 2
(b) Mr Ang See Ming Ordinary Resolution 3
4. To re-elect the following Directors who retire in accordance with Article 68 of the Company's Articles of Association :-

(a) Dato' Tengku Sarafudin Badlishah Bin Dato' Seri DiRaja Tan Sri Tunku Sallehuddin Ordinary Resolution 4
(b) Tengku Muzzammil Bin Tengku Makram Ordinary Resolution 5
5. To approve the following payments to Directors of the Company :

(a) Fees of RM215,000 for the financial year ended 31 December 2016. Ordinary Resolution 6
(b) Fees and Benefits of up to an aggregate amount of RM681,000 from 1 January 2017 until the next AGM of the Company. Ordinary Resolution 7
6. To re-appoint Messrs KPMG PLT (converted from a conventional partnership, KPMG on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 8
- AS SPECIAL BUSINESS**, to consider and if thought fit, to pass with or without any modification, the following Resolutions :-

 7. **Power to Issue Shares Pursuant to Section 76 of the Companies Act 2016** Ordinary Resolution 9

"THAT pursuant to Section 76 of the Companies Act 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued share capital/total number of voting shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the next AGM after that date is required by law to be held whichever is earlier; but any approval may be previously revoked or varied by the Company in general meeting."
 8. **Proposed Authority to Buy Back Its Own Shares by the Company** Ordinary Resolution 10

"THAT subject always to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued share capital through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued share capital of the Company for the time being ("TGI Shares");

NOTICE OF ANNUAL GENERAL MEETING (continued)

- ii) the amount of fund to be allocated by the Company for the purpose of purchasing the TGI Shares shall not exceed the aggregate of the retained profits of RM10.61 million of the Company as at 31 December 2016;
- iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;
- iv) upon completion of the purchase(s) of the TGI Shares by the Company, the Directors of the Company be hereby authorised to deal with the TGI Shares in the following manner:
 - a) to cancel the TGI Shares so purchased; or
 - b) to retain the TGI Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
 - c) to retain part of the TGI Shares so purchased as treasury shares and cancel the remainder; or
 - d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such actions and steps as are necessary or expedient to implement or to effect the purchase of TGI shares."

9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions between the Company and/or its Subsidiaries

Ordinary Resolution 11

"THAT subject to the provisions of the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries ("TGI Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 28 April 2017 which transactions are necessary for the day-to-day operations in the ordinary course of business of TGI Group on 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 and that such approval shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held but shall not extend to such extension as may be allowed by law; or
- iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier

AND THAT the Directors be and are hereby empowered to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution."

10. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to the final single tier dividend of 6 sen per ordinary share only in respect of :

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 28 July 2017 in respect of ordinary transfers; and
- b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

The final single tier dividend, if approved, will be paid on 18 August 2017 to depositors registered in the Records of Depositors at the close of business on 28 July 2017.

By Order of the Board

ONG TZE-EN (MAICSA 7026537)

LAU YOKE LENG (MAICSA 7034778)

Joint Company Secretaries

Penang, 28 April 2017

Notes :

Appointment of Proxy

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a Member. A Member may appoint 2 proxies to attend on the same occasion. If a Member appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Common Seal of the company or under the hand of an officer or attorney duly authorised.
5. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 23 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Explanatory Notes :

1. The Ordinary Resolution 2 is to seek shareholders' approval on the re-election of Dato' Ang Poon Chuan who had been re-appointed in the previous Annual General Meeting ("AGM") held on 26 May 2016 as Director under Section 129(6) of the former Companies Act 1965 which was then in force and whose term would expire at the conclusion of this meeting, as Director of the Company. If passed, the proposed Resolution 2 will authorize the continuation of the Director in office from the date of this AGM onwards.
2. The Ordinary Resolution 7, is to seek shareholders' approval on the Directors' Fees and Benefits payable to the Directors which have been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the Fees and Benefits payable is in the best interest of the Company and in accordance with the remuneration framework of the Group. The relevant Fees and Benefits will be paid to the Directors upon completion of service by the said Directors. The Benefits comprise of meeting allowance and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next AGM of the Company.
3. The Proposed Ordinary Resolution 9, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued share capital/total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 26 May 2016 and which will lapse at the conclusion of the Twenty-Second Annual General Meeting.

This renewed General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
4. The Proposed Ordinary Resolution 10, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 11,995,094 shares representing 10% of the total number of issued share capital the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.
5. The Proposed Ordinary Resolution 11, if passed, will approve the Proposed Shareholders' Mandate on Recurrent Related Party Transactions and allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Bursa Securities. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

Statement of Accompanying Notice of Annual General Meeting (Pursuant to Paragraph 8.27(2) of the Listing Requirements)

1. No individual is standing for election as a Director at the forthcoming AGM of the Company.

PROXY FORM

CDS Account No.	No. of shares held

I/We,
 (Full name in Block Letters and NRIC / Company No.)
 of and
 (Address) (Tel. No.)

being a member/ members of Thong Guan Industries Berhad hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

* and/or (*delete if not applicable)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the TWENTY-SECOND ANNUAL GENERAL MEETING of the Company which will be held at Amber Hall, 1st Floor, The Pure Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Tuesday, 30 May 2017 at 11:00 a.m. or at any adjournment thereof.

My/our proxy is to vote on a poll as indicated below with an "X".

	ORDINARY RESOLUTIONS										
	1	2	3	4	5	6	7	8	9	10	11
FOR											
AGAINST											

* Strike out whichever is not desired.

Signed this _____ day of _____, 2017.

.....
 Signature of Shareholder(s)/Common Seal

Notes :

Appointment of Proxy

1. A Member entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote on his behalf. A proxy may but need not be a Member. A Member may appoint 2 proxies to attend on the same occasion. If a Member appoints 2 or more proxies, the appointment shall be invalid unless he specifies the proportions of his stockholdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint up to 2 proxies in respect of each securities account it may holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds.
 An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Common Seal of the company or under the hand of an officer or attorney duly authorised.
5. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.
6. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 23 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.

Personal Data Privacy

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.

----- Please fold across the lines and close -----

STAMP

To: The Company Secretaries
 Thong Guan Industries Berhad

Registered Office
Suite 16-1 (Penthouse Upper)
Menara Penang Garden
42A Jalan Sultan Ahmad Shah
10050 Penang

----- Please fold across the lines and close -----

THONG GUAN INDUSTRIES BERHAD (324203-K)
22ND ANNUAL GENERAL MEETING
ADMINISTRATIVE DETAILS

Day and Date	Tuesday, 30 May 2017
Time	11.00 am
Venue	Amber Hall, 1st Floor, The Pure Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah

REGISTRATION

1. Registration will commence at 9.30 a.m. and will end at the time as may be determined by the Chairman of the meeting.
2. Please present your original Identity Card (IC) or Passport to the registration staff for verification. Please make sure your IC is returned to you after registration.
3. Upon verification, you are required to write your name and sign on the Attendance List.
4. An identification tag will be given to you. No one will be allowed to enter the meeting room without the identification tag. There will be no replacement should you lose or misplace the identification tag.
5. You may proceed to the meeting room thereafter.
6. Registration must be done in person. No person is allowed to register on behalf of another.
7. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

BUSINESS PRESENTATION

8. A business presentation will commence at 10.30 am at the meeting venue and will end by 11.00 am.

PROXY

9. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Proxy Form in accordance with the notes and instructions printed therein.
10. The Proxy Form is not required if you are attending the meeting.
11. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the Registration Counter to revoke the appointment of your proxy.

12. Please ensure that the original Proxy Form is deposited at the Company's Registered Office at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Pulau Pinang no less than fortyeight (48) hours before the meeting time. No proof of despatch of Proxy Form will be entertained.

GENERAL MEETING RECORD OF DEPOSITORS

13. For the purpose of determining who shall be entitled to attend the 22nd Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 23 May 2017 and only a depositor whose name appears on such Record of Depositor shall be entitled to attend the said meeting.

ANNUAL REPORT 2016

14. The Company Annual Report 2016 is available on the Company's website at www.thongguan.com and Bursa Malaysia Securities Berhad' website at www.bursamalaysia.com.

AGM ENQUIRY

15. For any enquiry prior to the 22nd AGM, please contact the following during office hours:

- (a) Boardroom Corporate Services (Penang) Sdn. Bhd. (Tel +604 229 4390)
- (b) Share Registrar – Agriteum Share Registrar Services Sdn. Bhd. (Tel +604 228 2321)

This page is intentionally leave blank

THONG GUAN INDUSTRIES BERHAD

(324203-K)

Lot 52, Jalan PKNK 1/6,
Kawasan Perusahaan Sungai Petani,
08000 Sungai Petani, Kedah Darul Aman,
Malaysia

Tel : +604 441 7888

Fax : +604 441 9888

www.thongguan.com