



**MISSION
DOUBLE UP**



**THONG GUAN
INDUSTRIES BERHAD**
(324203-K)



MISSION DOUBLE UP



A memorable journey through 75 years of excellence since its foundation in 1942, Thong Guan Industries Berhad is committed to delivering premium quality products and services to its customers. Endeavouring to create greater innovation for the community, the Company is also aspired to help customers in achieving better load safety and cost efficiency translating to customer saving and sustainable effect to the globe. The visual ideally demonstrates the vision of Thong Guan Industries Berhad, as the Company wishes to double its excellence in the next few years in terms of customer satisfaction, financial results, and innovation. Dedicated to the proposition that the Company will achieve this significant milestone, the visionaries at Thong Guan Industries Berhad strive to work diligently in the years to come.

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BOARD OF DIRECTORS

**Duli Yang Teramat Mulia Tengku
Sarafudin Badlishah Ibni Sultan
Sallehuddin**

Independent Non-Executive
Chairman

Dato' Ang Poon Chuan

Managing Director

Dato' Ang Poon Khim

Executive Director

Datuk Ang Poon Seong

Executive Director

Ang See Ming

Executive Director

Chow Hon Piew

Independent Non-Executive Director

Kang Pang Kiang

Independent Non-Executive Director

**Tengku Muzzammil Bin Tengku
Makram**

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 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

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

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.

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Ambank (M) Berhad

AUDIT COMMITTEE

Chow Hon Piew (Chairman)
Kang Pang Kiang
Tengku Muzzammil Bin Tengku Makram

NOMINATING COMMITTEE

Chow Hon Piew (Chairman)
Kang Pang Kiang

REMUNERATION COMMITTEE

Kang Pang Kiang (Chairman)
Chow Hon Piew

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Sector : Industrial Products
Stock Name : TGUAN
Stock Code : 7034
(Listed since 19 December 1997)

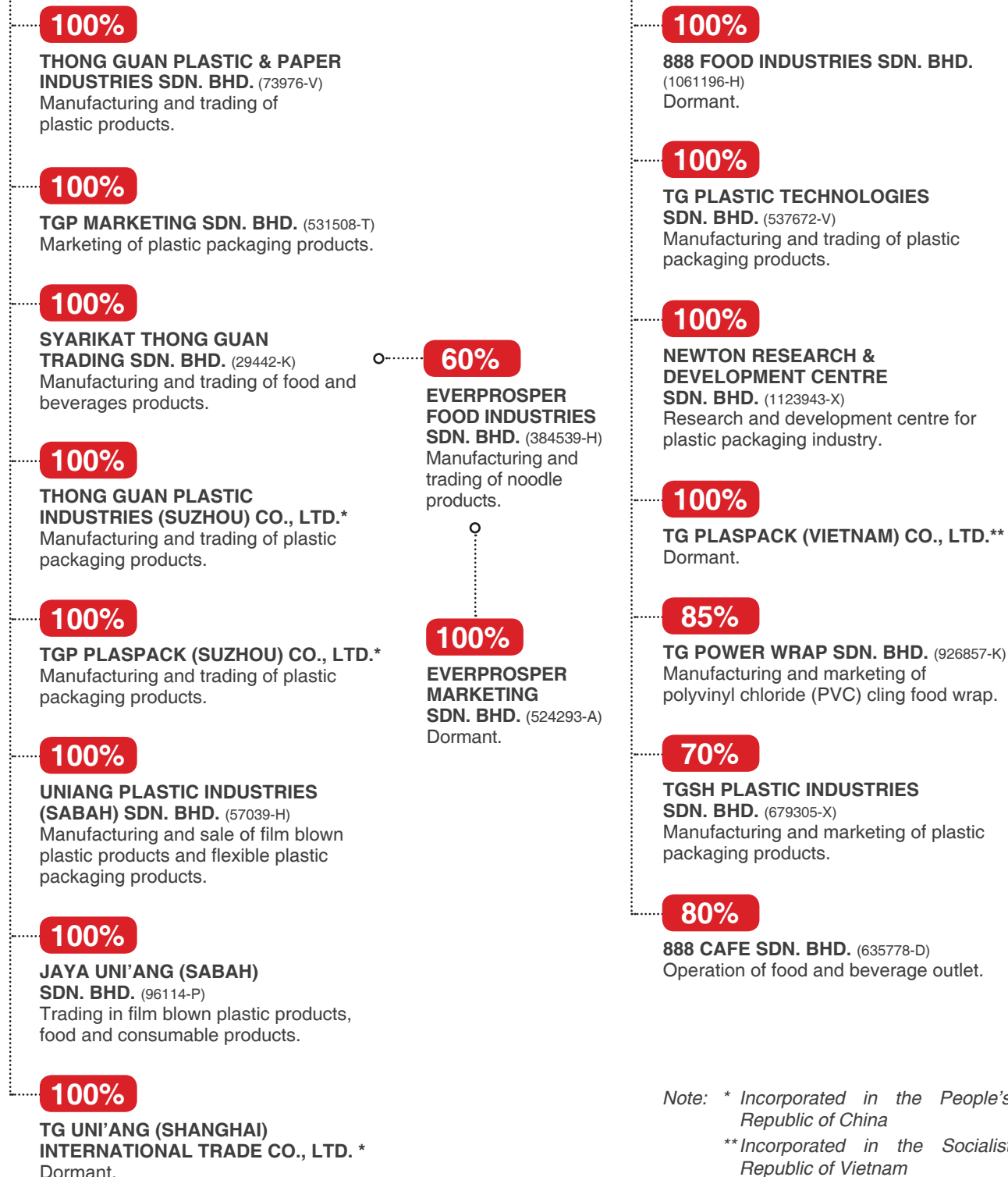


GROUP STRUCTURE & PRINCIPAL ACTIVITIES



THONG GUAN INDUSTRIES BERHAD
(324203-K)

Investment holding as well as trading of plastic and petroleum products.

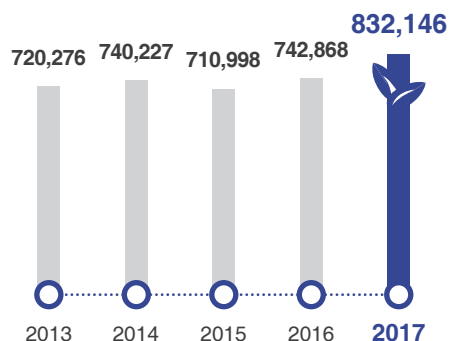


Note: * Incorporated in the People's Republic of China
** Incorporated in the Socialist Republic of Vietnam

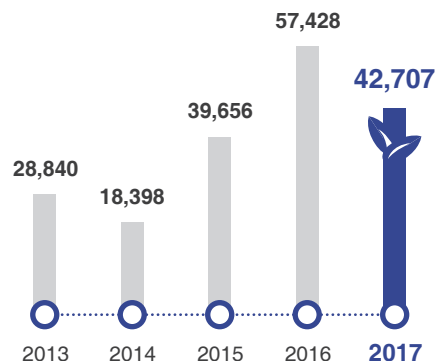


FINANCIAL HIGHLIGHTS AND INDICATORS

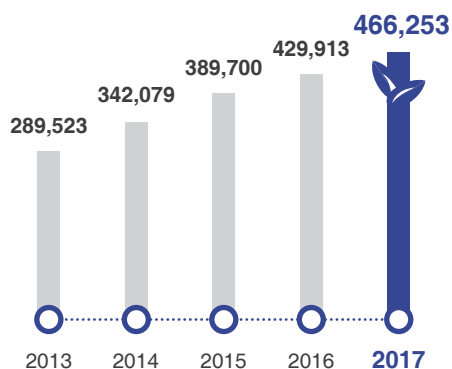
REVENUE (RM'000)



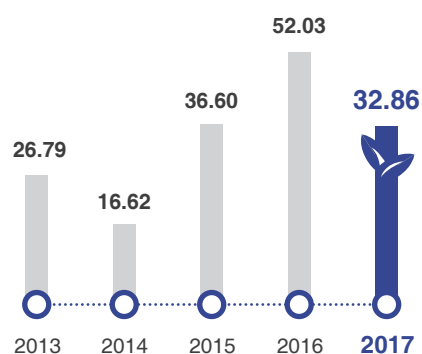
PROFIT AFTER TAX (RM'000)



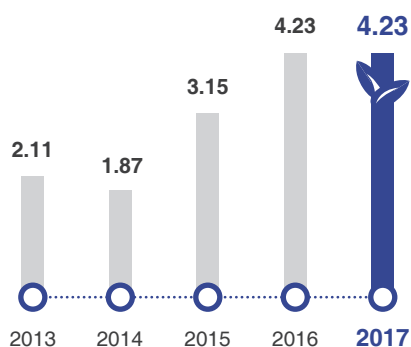
SHAREHOLDERS' EQUITY (RM'000)



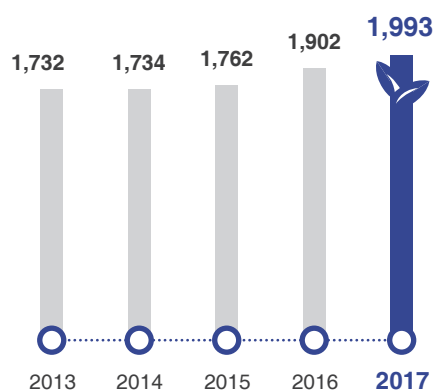
EARNINGS PER SHARE (SEN)



SHARE PRICE AS AT FINANCIAL YEAR END (RM)



HUMAN CAPITAL (HEADCOUNT)



FINANCIAL HIGHLIGHTS AND INDICATORS *(Cont'd)*



In RM '000	2013	2014	2015	2016	2017
Revenue	720,276	740,227	710,998	742,868	832,146
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	50,138	38,314	64,234	86,230	70,841
Profit Before Taxation	31,837	18,819	43,125	68,144	50,682
Profit After Tax	28,840	18,398	39,656	57,428	42,707
Net Profit Attributable to Equity Holders	28,180	17,483	38,510	55,854	41,897
Total Assets	448,322	547,736	538,428	619,811	685,451
Total Borrowings	49,657	96,883	51,592	56,740	75,693
Shareholders' Equity	289,523	342,079	389,700	429,913	466,253

	2013	2014	2015	2016	2017
Return on Equity (%)	9.73	5.11	9.88	12.99	9.16
Return on Total Assets (%)	6.43	3.36	7.37	9.27	6.23
Gearing Ratio (Times)	0.17	0.28	0.13	0.13	0.16
Interest Cover (Times)	36.14	17.42	33.42	50.85	28.41
Earnings Per Share (Sen)	26.79	16.62	36.60	52.03	32.86
Net Assets Per Share (Sen)	275.20	325.13	370.40	363.39	344.70
Gross Dividend Per Share (Sen)	8.00	7.00	9.00	12.00	8.00
Price Earning (PE) Multiple (Times)	7.88	11.25	8.61	8.13	12.87
Gross Dividend Yield (%)	3.79	3.74	2.86	2.84	1.89
Share Price as at financial year end (RM)	2.11	1.87	3.15	4.23	4.23



MANAGEMENT DISCUSSION & ANALYSIS

Thong Guan Industries Berhad and its subsidiaries ("the Group" or "Thong Guan" or "TGI") continues its strong top line growth for the financial year ended 31 December 2017 ("FY2017") despite volatile business environment. During the financial year under review, the Group continued to uphold and execute our business strategies and enhance our value chain progressively.

FINANCIAL REVIEW

The Group reported continuous growth with a recorded highest revenue of RM832.1 million representing a growth of 12.0% over the previous financial year.

	31.12.2017 RM'000	31.12.2016 RM'000	Variance RM'000	Variance %
Revenue				
Plastic products	772,350	690,835	81,515	11.8
Food, beverage and other consumable products	55,786	49,382	6,404	13.0
Others	4,010	2,651	1,359	51.3
Group	832,146	742,868	89,278	12.0
Profits/(Loss) before tax				
Plastic products	53,774	61,167	(7,393)	(12.1)
Food, beverage and other consumable products	(2,226)	3,212	(5,438)	(169.3)
Others	(866)	3,765	(4,631)	(123.0)
Group	50,682	68,144	(17,462)	(25.6)

For FY2017, the increase in revenue was contributed by improved sales from both plastic as well as food, beverage and other consumable products ("F&B") business division. Our plastic products' revenue increased from RM690.8 million to RM772.3 million, representing a growth of 12.0%. This improvement was driven by higher export sales of our stretch film and PVC food wrap business segment. The stretch film division increase in revenue of RM49 million to RM368 million compare to RM319 million for the financial year ended 31 December 2016 ("FY2016"). As for the PVC food wrap segment, we also reported an increased by of RM13.0 million to RM68 million compared to RM55 million in FY2016. The Group's F&B business division reported revenue increase to RM55.8 million as compared to previous year of RM49.4 million in FY2016, this translates into a 13.0% year on year ("YoY") growth which was mainly contributed from the increase of our local sales.

Although the Group's revenue has been on a growth trajectory, our profit before taxation ("PBT") only recorded RM50.7 million which is lower than RM68.1 million in FY2016. This was correlated with the reduction in gross profit ("GP") margin for plastic products that had lower selling prices to foreign markets as a result of the depreciation of USD against MYR which impacted the Group, especially during the fourth quarter of FY2017. In terms of exposure to foreign currency, the Group recorded a foreign exchange loss of RM4.0 million (FY2016: foreign exchange gain of RM5.0 million). In addition, the Group's PBT was also impacted by the increase in operating expenses such as freight, sales and promotional expenses and staff cost. As for the F&B business division, despite the increase in revenue, it recorded a dip in PBT as well, which was due to the operating losses from our newly opened restaurant franchise and manufacturing of organic noodles.

FINANCIAL POSITION

Assets

Total assets grew 10.6% to RM685.5 million as at 31 December 2017 from RM619.8 million in the year before. The increase of the total assets is mainly contributed by the increase of property, plant and equipment, investment property and prepaid lease payments amounting to RM49.3 million. The Group also has a total of cash and cash equivalents of RM155.8 million that can be utilised for our strategic expansion plans.

Liabilities

Total liabilities increased by 15.3% to RM209.3 million as at 31 December 2017 from RM181.5 million the year before, this was mainly due to the increase of loans and borrowings amounting to RM19.0 million.

Equity

Total equity increased by 8.6% to RM476.1 million as at 31 December 2017 from RM438.3 million the year before, mainly attributable to profits made in FY2017 and was offset by dividends paid to shareholders. The conversion of ICULS and warrant also the reason of increase of total equity.

SHARE CAPITAL AND EARNING PER SHARE ("EPS")

Share Capital

The number of issued shares increased to 135.2 million as at 31 December 2017 due to the conversion of ICULS and warrants during the FY2017.

EPS

FY2017 basic EPS was 32.86 sen while diluted EPS was 24.87 sen, taking into account dilution from ICULS and warrants.

MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

CASH FLOWS

Cash from operating activities

Net cash from operating activities was RM45.7 million in FY2017 compared with RM75.3 million in FY2016. This was due to the decreased in profit generated in FY2017 as compared to FY2016 and higher tax paid.

Cash used in investing activities

Net cash used in investing activities was RM64.6 million in FY2017 as compared to RM15.6 million in FY2016. The net cash outflow was mainly due to acquisition of property, plant and equipment, investment property and prepaid lease payment amounting to RM67.5 million compared to the previous financial year of RM23.6 million.

Cash from financing activities

Net cash from financing activities was RM23.9 million in FY2017 as compared to RM11.1 million in FY2016. This mainly due to the lower dividends of RM7.9 million in FY2017 as compared to RM15.8 million in FY2016.

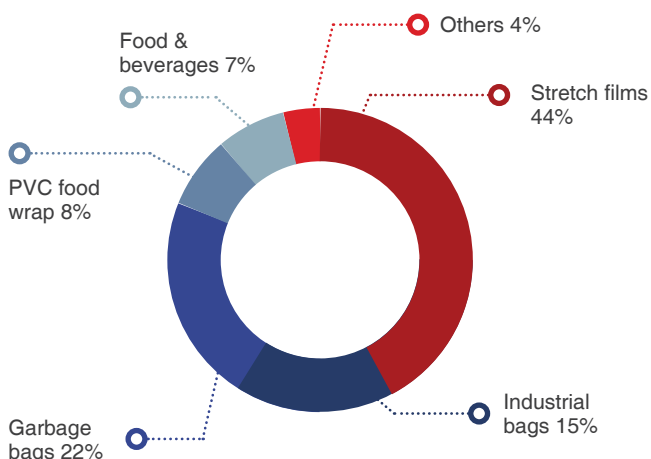


Figure 1: Sales Mix for FY2017

Plastic Division

The Group's plastic products comprises of four main categories which are stretch films, garbage bags, industrial bags and PVC food wraps. The revenue contribution from each category are 44%, 22%, 15% and 8% respectively. There has not been any significant changes in term of sales mix as compared to FY2016.

Since venturing into and identifying Nano technology as the future trend for the stretch film industry, the Group has been riding on the growing demands for our Nano technology stretch film products which has been proven to provide significant reduction of cost per pallet wrapped. In order to cater to this growing demand, the Group has acquired a factory which will host our third new Nano stretch film line. To date, our two existing Nano technology lines runs on a 24,000 Metric Tonnes ("MT") production capacity per annum.

For the PVC food wrap division, to date the Group has commissioned 8 production lines with annual capacity 9,600MT. For the financial year ending 31 December 2018 ("FY2018"), the Group will continue to grow in this product segment with an expected addition of two new production lines. This will further increase our production capacity by 2,400MT per annum in total which translates into an estimated revenue increase of more than RM100 million per year for the financial years to come. In this aspect, this fulfils the Group's aspirations to continue to grow and eventually become one of the largest PVC food wrap producer in Malaysia, South East Asia as well as in Asia Pacific.

On the garbage bags and industrial bags divisions, our sales have remain stable for the year under review. To date, we are one of the major supplier of garbage bags to Japan and we intend to maintain our position whilst complying with the stringent standards set in place by our Japanese customers. For the coming years ahead, the Group remains cautiously optimistic for a sustainable growth in this product segment.

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

Over the years, the F&B division has been consistently delivering an annual contribution of 5.0-7.0% over the Group's total revenue. Our tea and coffee products remain as the two main contributors to the F&B business division. During the financial year under review, the fast moving consumer goods ("FMCG") market remains competitive on the back of a soft domestic economy. Apart from that, our F&B business segment was also affected by the weaker consumer spending sentiments which was affected by a confluence of both global and domestic factors, including the heightened volatility in the financial markets as well as the employment condition.

For the organic noodles product, we are still in the midst of establishing various business opportunities with interested parties. Hence, this product has yet to contribute much towards the revenue of the Group. However, for FY2018, the Group is optimistic that we will be able to secure contracts to supply our products in Asia which will contribute significantly to the Group's financial performance.

In addition, the Group has also ventured into the restaurant business by undertaking the Malaysia master franchisee for Marché Mövenpick with our maiden restaurant operating at Pavillion, Kuala Lumpur. Since it is a fairly new set up, the restaurant has yet to contribute financially to the Group's F&B division. We will continue to streamline the business operation to achieve stable performance for the coming financial year.



MANAGEMENT DISCUSSION & ANALYSIS *(Cont'd)*

Dividend

The Group remains grateful to our shareholders and we have been faithfully declaring dividends every year despite not having a dividend policy. On 18 August 2017, the Group paid a final single tier ordinary dividend of 6 sen per ordinary share, with a total dividend pay-out of RM7.9 million in respect of FY2016. The Board also recommended a final single tier dividend of 8 sen per ordinary share for FY2017 which is subject to the shareholders' approval at the forthcoming Annual General Meeting.

Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 15 October 2014, the Group completed its 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 Thong Guan shares on any market day from its second anniversary date which is on 10 October 2016. As at 4th April 2018, a total of 26,840,278 ICULS were converted into Thong Guan shares.

Business Outlook

We expect the Group's performance to remain positive taking into account the recovering global economy. Barring any unforeseen circumstances, we expect that all of the Group's business divisions will continue to be on an upward trajectory.

Appreciation

We would like to extend our sincerest appreciation to all our valued customers, vendors, bankers, relevant authorities and respective stakeholders for your continued support to Thong Guan, enabling us to advance with our strategic plans. The Group also takes this opportunity to acknowledge the contributions of our management team and staff members who have given the best commitment and hard work to propel the Group forward. Finally, a heartfelt gratitude to the Board of Directors for their invaluable insights and guidance. Together, we will strive for Thong Guan to achieve stronger financial years ahead.



PROFILE OF DIRECTORS



**Duli Yang Teramat Mulia
Tengku Sarafudin Badlishah Ibni
Sultan Sallehuddin**

aged 51
Male
Malaysian

He 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 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 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. Duli Yang Teramat Mulia Tengku Sarafudin was proclaimed as the Crown Prince of Kedah on 26 November 2017.

He has attended four out of five 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 is the cousin of Tengku Muzzammil Bin Tengku Makram, Independent Non-Executive Director. He has no conflict of interest with the Company. He had no conviction for offences within the past 5 years.



Dato' Ang Poon Chuan

aged 74
Male
Malaysian

He was appointed as the Managing Director on 18 September 1997.

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 53 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 has attended four out of five Board meetings held for the financial year. He is the brother of Dato' Ang Poon Khim and Datuk Ang Poon Seong and the father of Ang See Ming. He is a 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 5 years.

PROFILE OF DIRECTORS *(Cont'd)*



Dato' Ang Poon Khim

aged 64
Male
Malaysian

He was appointed as the Executive Director on 18 September 1997.

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 five Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Datuk Ang Poon Seong. He is a 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 5 years.



Datuk Ang Poon Seong

aged 62
Male
Malaysian

He was appointed as the Executive Director on 18 September 1997.

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 five Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Dato' Ang Poon Khim. He is a 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 5 years.

PROFILE OF DIRECTORS *(Cont'd)*



Mr. Ang See Ming

aged 48
Male
Malaysian

He was appointed as the Executive Director on 11 December 2013.

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 five 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. He was appointed as independent Non-Executive Director in D'nonce Technology Berhad on 12 February 2018. He had no conviction for offences within the past 5 years.



Mr. Chow Hon Piew

aged 64
Male
Malaysian

He was appointed as the 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. He is also a Fellow 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 four out of five 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 5 years.

PROFILE OF DIRECTORS *(Cont'd)*



Mr. Kang Pang Kiang

aged 46
Male
Malaysian

He was appointed as the 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 is Group Chief Executive Office/ Executive Director of EG Industries Berhad, a Company listed in Bursa Malaysia Securities Berhad. He started his career with Ernst & Young. He has experience in providing auditing, tax consultation and business advisory services to various clients. 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 serves as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee. He has attended all the five 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 5 years.



**Tengku Muzzammil
Bin Tengku Makram**

aged 44
Male
Malaysian

He was appointed as the 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.

He serves as the member of the Audit Committee. He attended all the five 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 Duli Yang Teramat Mulia Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin, Independent Non-Executive Chairman. He has no conflict of interest with the Company. He had no conviction for offences within the past 5 years.

SUSTAINABILITY STATEMENT

Introduction

In this fast pace era of business globalisation, Thong Guan Industries Berhad's ("Thong Guan", "the Group", "us", "our" or "we") business has been continuously evolving to strive for sustainable growth. Over the years in business operations, we have established a well-diversified plastics and food and beverage ("F&B") businesses with global product presence in over 60 countries.

As we continue our strides of growth, we are very cautious of our impact on the environmental, economic and social matters. Therefore, it is pertinent to understand the matters that affect the Group's sustainability and to ensure that we identify and manage it accordingly. During the year, we embarked on initiatives to review our sustainability management approach, materiality assessment, performance measurement and disclosure in efforts to strengthen our approach towards a sustainable business. We are in the midst of developing a strategy to ensure material sustainability matters in a more holistic and integrated manner moving forward. This will involve developing new policies and procedures, implementing various initiatives and action plans, setting achievable goals, as well as reviewing our current system to capture, analyse and report sustainability data and information.

Economic

The expansion of the Group has been consistently providing a wide range of employment opportunities to local communities. Our employees are offered competitive salaries, performance incentives and various benefits. The Group also provides training to our employees in order to cultivate more talent within the Group to sustain our future growth. In addition, the growth of the Group has also assisted the Small and Medium Enterprise ("SME") that are working with us through their supply of packing material, services, construction of our factories and many more. This creates economic value to our surrounding community and indirectly to our country.

Environmental

As we are in the business of plastics, we are vigilant on potential environmental impact that can be caused from our business. Thus, we take a serious view on compliance towards the environmental rules and regulations required by the Department of Environment ("DOE") and various authorities both locally and abroad. Our factories have been constantly engaging various ISO certifications to improve our awareness in environment quality. Since 2006, both our factories in Malaysia and China were accredited the ISO14001 Environmental Management System. This certification provides us with the framework for handling occupational health and safety related matters for our people to follow. In terms of managing waste disposal, the Group has implemented procedures to reuse and recycle waste products whenever possible. The Group has recycling departments in Padang Lembu and Sungai Petani plants that recycles plastic waste to be reused in production in order to optimise the consumption of plastic raw material. For materials or waste that cannot be reused or recycled, we appoint government approved waste contractors to disposal of the waste. Furthermore, we ensure that all hazardous materials such as ink and solvents are to be stored in safe places. Hazardous waste will be disposed off in a proper manner through the contractor that has been certified by the DOE.

This is in line with our new technology of Nano33 stretch film machine which is designed to be safe and efficient through a fully computerised manufacturing process with emphasis on reduction of production cost and waste. Furthermore, the Nano33 stretch film provides guaranteed lower consumption of raw material per wrap and stabilisation of load over time. This is proven through our collaboration with one of our subsidiary - Newton R&D Centre. We introduced a programme named ENGAGE with the aim to help our business optimise the stretch film application as well as improve our bottom line. Our data and analysis are tabulated through a series of testing from cutting edge machines and real time stimulations which will then allow for recommendations to the Group for best designs and package techniques for load stability and safety.

For energy consumption, we are solely dependent on local electricity supply. The Group has been continuously devoting efforts to reduce the usage of the electricity, we have also engaged a certified electricity consultant to perform an analysis and to provide solutions to further reduce the usage of electricity apart from our current initiatives. In addition, we have also installed photovoltaic solar systems on the roof of our factories to generate electricity which will reduce our carbon footprint and deliver economic savings to the Group.

The Group is committed to continue creating a safe and healthy environment. Our plastic factories in Malaysia are accredited with OSHAS18001 since 2007. Apart from that, we have set up a safety committee to oversee the day-to-day occupational health and safety matters. The safety committee had conducted several programs to increase the level of safety through awareness of our employees in our working environment.

The programs below are initiatives that have been implemented:

- a) Safety and awareness training;
- b) Fire drill training for at least once a year;
- c) Policies enforcing production employees to equip safety wear at work;
- d) Requirement of work permit for all contractors or in-house maintenance to perform hot work;
- e) Enforcing each factory have their own emergency response team ("ERT");
- f) Compliance with Occupational Safety and Health ("OSH") regulations; and
- g) Frequent inspection on machines, building structures and vehicles to detect unsafe conditions which may lead to accidents.

In addition, rules and regulations have been enforced to ensure a safe working environment for our employees as well as third parties that enter into our plants. Work instructions are clearly visible on every machine to ensure that our employees are always aware of safety procedures while operating machines.

As for the food and beverage ("F&B") division, food safety for our customers is the Group's top priority. In order to achieve this, we have been granted the certification for Hazard Analysis and Critical Control Point ("HACCP") which is administered by the Ministry of Health ("MOH"). The process of certification includes adequacy, compliance and follow up audits by appointed certified auditors.



SUSTAINABILITY STATEMENT *(Cont'd)*



Social

Occupational health and safety is important to us. All our employees are covered for outpatient healthcare services, inpatient hospitalisation treatments and medical services under the Group's Personal Accident policy.

The Group also believes in giving back to the community through charity works. During the financial year ended 2017, the Group organised and sponsored a blood donation campaign, collected donations for various non-profitable and charitable institution including school and sports associations in the Sungai Petani and Kedah area.

As for human capital, we have continued to recruit, train and reward our employees. We know that strong human capital will contribute to increasing improvements in our businesses that will bring long term growth for the Group. In effort to build strong human capital, we have also reviewed and aligned our structure, processes, people and governance to ensure that we are highly effective, efficient and competent in our area of expertise. Currently our talent management process is guided by a recruitment policy and succession planning policy which is designed and run by our human resources department. The Group also recognised the sustainability of the Group is highly dependent on the quality and talent of our people. Therefore, our human resource department has introduced various training program either in-house or external to assist employees to be equipped with adequate knowledge. This serves as a part of self-enrichment to our people as well as to keep our business sustainable.

Going Forward

We shall develop a sustainability strategy to ensure that we address each matter in a more holistic and integrated manner moving forward. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators, goals and targets as well as reviewing existing systems that capture, analyse and report sustainability data and information.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Thong Guan Industries Berhad ("the Company") 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 Corporate Governance Overview Statement sets out how the Company has applied the Principles and Practices and the approach the Board will take to steer the Company to apply such Principles and Practices as prescribed by the Malaysian Code on Corporate Governance as issued by Securities Commission Malaysia on 26 April 2017 ("MCCG").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

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 ("TOR"). The Committees established are the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). 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 Board composition.

All decisions and deliberations at Committee level are documented by the Company Secretary in the minutes of meetings. The Chairman of the respective 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.

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 include:

a) Reviewing and adopting the Group'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 Group'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 INEDs do not engage in the daily management of the Group. Their presence 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 details of the risk management are set out in the Statement on Risk Management and Internal Control ("SORMIC") of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *(Cont'd)*

I. Board Responsibilities *(Cont'd)*

d) Succession planning

The Board, through the 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.

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 SORMIC of this Annual Report 2017.

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 two (2) Company Secretaries (both are qualified to act as company secretary under the Companies Act 2016 ("CA2016")). The Board, whether as a full board or in their individual capacity, may upon approval of the Board, seek independent professional advice if required, in discharge of their duties, at the Company's expense.

II. Board Composition

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age and ethnicity, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board comprised 8 Directors as at the date of this Annual Report 2017 as follows:-

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

The present composition complies with the composition requirement as stated in Bursa Malaysia Securities Berhad Main Market Listing Requirement ("MMLR") as more than 1/3 of the Board Members are INEDs.

NC

The principal Board function of making recommendations for new appointment to the Board and Board Committees is delegated to the NC. Currently, the Committee consists entirely of INEDs as tabulated:

Name	Position
Chow Hon Piew	Chairman
Kang Pang Kiang	Member

The NC's mandate expressed through its TOR 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 NC is empowered to seek professional advice within or outside the Group as it deem necessary to discharge its responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

During the financial year ended 31 December 2017, the NC met on one (1) occasion and resolved the following key activities:-

- a) Conducted the annual assessment of the Directors, Board, Board Committee and Chief Financial Officer,
- b) Reviewed the level of independence of INEDs;
- c) Reviewed the term of office and performance of AC; and
- d) Recommended the re-appointment, re-election and retention of Directors.

The Nominating Committee also systematically 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 MMLR.

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

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 NC will however continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.

The NC 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 NC before recommending 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 NC before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the NC 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 at least one third (1/3) or the number nearest to one third (1/3) of the Directors, thereafter by rotation at least once in every three (3) years at the AGM.

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

III. Remuneration Committee

The Remuneration Committee currently comprised the following:

Name	Position
Kang Pang Kiang	Chairman
Chow Hon Piew	Member

The RC consists of two members, whom are INEDs. On 26 February 2018, Dato' Ang Poon Chuan stepped down as member of the RC in line with Practice 6.2 of the MCCG.

The RC met once during the financial year with the full attendance by all members of the RC. 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 RC 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 the Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them as well as the onerous responsible and challenge in discharging their fiduciary duties. Non-Executive Directors are paid fixed annual fees as members of the Board and Board Committees. The Directors' fees and benefits payable are approved annually by the shareholders of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 2017 is as follows:

	Salaries (RM'000)	Bonus & Other Allowances (RM'000)	EPF Contribution by Employer (RM'000)	Fees (RM'000)	Total (RM'000)
Company					
Executive Directors					
Dato' Ang Poon Chuan		2		30	32
Dato' Ang Poon Khim				30	30
Datuk Ang Poon Seong				30	30
Ang See Ming	78	24	12	30	144
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		52		30	82
Tengku Muzzammil Bin Tengku Makram		10		30	40
Chow Hon Piew		12		30	42
Kang Pang Kiang		12		30	42
Total	78	112	12	240	442
Group					
Executive Directors					
Dato' Ang Poon Chuan	777	317	66	79	1,239
Dato' Ang Poon Khim	729	295	61	79	1,164
Datuk Ang Poon Seong	264	42	38	74	418
Ang See Ming	297	94	51	57	499
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		52		30	82
Tengku Muzzammil Bin Tengku Makram		10		30	40
Chow Hon Piew		12		30	42
Kang Pang Kiang		12		30	42
	2,067	834	216	409	3,526

The Group adopts a remuneration system that is responsive to the market elements as well as performance of the Group and its business divisions.

The Board acknowledged the need for transparency in the disclosure of its Senior Management's remuneration. Nonetheless, it takes the view that such disclosure might be detrimental to the Group's business interests given the highly competitive human resources environment in which the Group operates where intense head hunting for the candidates with the requisite expertise, knowledge and relevant professional experience is the norm. As such, disclosure of specific remuneration information could give rise to recruitment and talent retention issues going forward.

IV. Foster 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 given.

During the year under review, the Board held 5 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 these meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

	Board	Audit	Committees	
			Nominating	Remuneration
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	4/5	-	-	-
Tengku Muzzammil Bin Tengku Makram	5/5	5/5	-	-
Dato' Ang Poon Chuan	4/5	-	-	1/1
Dato' Ang Poon Khim	5/5	-	-	-
Datuk Ang Poon Seong	5/5	-	-	-
Ang See Ming	5/5	-	-	-
Chow Hon Piew	4/5	4/5	1/1	1/1
Kang Pang Kiang	5/5	5/5	1/1	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.

V. Director Training

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, all the Directors had, during the year under review, attended the following training programs, seminars and international trade exhibition:-

Areas	Seminar / Programs / Trade exhibition	Director attended
Production/ Plastics	• Chinaplas 2017 – The International Exhibition on Plastics and Rubber Industries	• Dato' Ang Poon Chuan • Datuk Ang Poon Seong
	• Introduction to Smart Manufacturing (Industry 4.0)	• Dato' Ang Poon Khim
	• Seminar on MS26562016 – Safety of Loads on Vehicles for Carrying General Goods (Code of Practice)	
Finance, Taxation & Governance	• Driving Financial Integrity & Performance – Enhancing financial literacy for Audit Committee	• Tengku Muzzammil Bin Tengku Makram
	• The New Companies Act 2016: Key Changes and Practical issues	• DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin
	• Malaysian Code on Corporate Governance: A New Dimension	• Chow Hon Piew
	• MIDF Automation Seminar	• Ang See Ming
	• Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issues	
Management	Blue Ocean Strategy & Disruptive Innovation	• Kang Pang Kiang

All Directors had attended the Mandatory Accreditation Program.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC of the Company comprises three (3) INEDs. The AC is chaired by Mr. Chow Hon Piew. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR as well as the External Auditor Assessment Policy which was approved by the Board in February 2018.

Annually, the term of office and composition of AC is reviewed by the NC and recommended to the Board for its approval. As reported, the Board is satisfied with the outcome of the assessment of the performance of the AC as its members possessed the necessary knowledge, experiences and skills, for the overall effectiveness of the AC.



CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

The AC currently comprised individuals with professional experiences in financial management, general management, audit, tax and strategic planning, amongst other. All members are financially literate and are able to read, interpret and understand the financial statements. This diversity in skills and knowledge coupled with financial literacy allows the AC to discharge their roles and responsibility effectively.

An overview of the Audit committee activities is spelt out in this Annual report under Audit Committee Report.

II. Risk Management and Internal Control Framework

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

The Group has established a management level Risk Management Committee ("RMC"). The RMC is led by the financial controller as the Chief Risk Officer and populated by head of the various reporting entities. The RMC undertakes annual Risk review in the Group's businesses and operations. The AC will report to the Board on exception only basis if there was any changes in the risk identified. Details on the internal audit function are discussed under SORMIC in Annual Report 2017.

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

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 who invest in the Company's securities enjoy equal access to such information to avoid selective disclosure.

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.

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.

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 from the shareholders. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

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.

In line with the amendments to the MMLR 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 with the announcement made accessible via Bursa Securities and the Company's website.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*



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, 2016.

The Director 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.

Compliance with the Principles and Practices of the MCCG

For the year ended 31 December 2017 and up to the date of the printing of this annual report, the Group has complied substantially with the principles and practices of the MCCG in so far as applicable and described herein.

This CG Overview Statement was approved by the Board of Directors on 23 April 2018.

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 2017 is as follows:-

Type of Audit	Fee (RM'000)	
	Company	Group
a) Audit fee	23	229
b) Non Audit fee	26	47

Recurrent Related Party Transaction

Detail of recurrent related party transaction made during the financial year ended 31 December 2017 pursuant to the shareholders' mandate obtained by the company at the AGM were as follow:

				Cumulative Value of Transactions as at 31.12.17 RM'000
Nature of Transactions	Name of Company	Related Party	Interested Directors	
Sales of plastic products (plastic bag, stretch film, shrink film, laminated film etc)	UPI (Seller)	KFI (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	2,992
Sales of plastic products	TGSH (Seller)	TGPM, TGPP, UPI, TGPT (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	35,423
Purchase of plastic products	TGPP, TGPW, TGPT (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	39,159
Purchase of snack food	JUS (Buyer)	KFI (Seller)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	4,955
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kawasan Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah.	TGPP (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	694
Renting of factory premise at No.24 (DBKK Building No.6), District of Kota Kinabalu, Sabah.	UPI (Tenant)	KP (Landlord)	Datuk Ang Poon Seong	65
Renting of factory and warehouse premise at Plot 33, Jalan PKNK Utama, Kawasan Perusahaan Sg. Petani, Kedah.	EFI (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	120
Sales of noodle products	STGT (Buyer)	EFI (Seller)	Ang See Ming	106
Purchase of beverages and plastic products	STGT (Seller)	EFI (Buyer)	Ang See Ming	9
Provision of temporary financial assistance	TGIB, STGT (Lender)	EFI (Borrower)	Ang See Ming	2,300
Bounty Values Sdn Bhd	BV	TG Power Wrap Sdn Bhd	TGPW	
Everprosper Food Industries Sdn Bhd	EFI	TGP Marketing Sdn Bhd	TGPM	
Jaya Uni'ang (Sabah) Sdn Bhd	JUS	TGSH Plastic Industries Sdn Bhd	TGSH	
Kimanis Food Industries Sdn Bhd	KFI	Thong Guan Plastic & Paper Industries Sdn Bhd	TGPP	
Kimanis Property Sdn Bhd	KP	TG Plastic Technologies Sdn Bhd	TGPT	
Svarikat Thong Guan Trading Sdn Bhd	STGT	Uniang Plastic Industries (Sabah) Sdn Bhd	UPI	

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 AND INTERNAL CONTROL



Introduction

Pursuant to Paragraph 15.26(b) of the Main Market 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 2017.

Responsibility

The Board acknowledges its responsibility for the Groups' system of internal control, which includes 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 designated 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 of 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL *(Cont'd)*

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.
- 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 23 April 2018.

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 2017 ("FY2017"). The Audit Committee ("AC") currently comprises the following directors:-

Directors	Position	Attendance
Chow Hon Piew	Chairman, Independent Non-Executive Director	4/5
Kang Pang Kiang	Member, Independent Non-Executive Director	5/5
Tengku Muzzammil Bin Tengku Makram	Member, Independent Non-Executive Director	5/5

During FY2017, the committee had met five (5) times. Minute of each AC meeting was noted by the Board via distribution to each Board members.

The Nominating Committee had undertaken an annual review of the term of office and performance of the AC and its members in accordance with para 15.20 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") to ensure that the AC and its members have carried out their duties in accordance with their terms of reference ("TOR"). Upon review, the Nominating Committee and the Board is satisfied that the AC and its members have been able to discharge their functions, duties and responsibilities in accordance with the TOR of AC.

Summary of works during Financial Year

The main works undertaken by the AC during FY2017 in discharging their functions and duties were as follows:

1. Financial reporting

- Reviewed quarterly unaudited financial results of the Group before recommending to the Board of Directors for approval and onward announcement to Bursa Securities;
- Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements, with the MMLR of Bursa Securities, applicable approved accounting standards of the Malaysian Accounting Standards Board and other relevant legal and statutory requirements and;
- Reviewed pertinent issues, which had significant impact on the results of the Group, including bank borrowings, investments and divestments and strategic operations of subsidiaries.

2. External audit

- Reviewed the audit plan from the external auditors, the audit strategy, scope of work for the year and general extent of the auditors' audit examinations;
- Reviewed the external audit results, audit report, audited financial statements as well as management letter (if any) and the response from the management;
- Met twice (on 23 November 2017 and 26 February 2018) with the external auditors without the presence of the Executive Director and management staff to enquire the extent of assistance rendered by the Management, issues on audit and accounting (if any), suggestions arising from audit and any other issues of concern to the auditors; and
- Reviewed and assessed the objectivity, independence and competency of the external auditors touching on quality of service, experience and expertise and made its recommendations to the Board on their re-appointment and fees.

3. Internal audit

- Reviewed with the in-house internal auditors on the scope of work and approved the annual audit plan in respect of FY2017 ;
- Reviewed the internal audit reports, the audit issues therein as well as follow-up audits, recommendations and management's response. Where appropriate, the AC has directed that control procedures be rectified and improve based on the internal auditors' recommendations and suggestions for improvement;
- Received update on Risks Register with no major changes noted on the risks identified; and
- Evaluated the performance and functions of the internal auditors with focus on its scope of work, functions, competency and that it has the necessary resources to carry out its work in respect of FY2017.

4. Governance

- Reviewed the recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group;
- Reviewed and recommended for approval of the Board of Directors the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017;
- Reviewed and approved the AC Report for inclusion in the Annual Report 2017; and
- Discussed and approved draft circular to shareholders in relation to proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

AUDIT COMMITTEE REPORT *(Cont'd)*

Internal Audit Function

The Group has maintained an in-house internal audit department ("IAD") until November 2017 when the internal audit function is outsourced to a professional consulting firm as the IAD was understaffed and unable to expand its scope of coverage of internal audits.

The IAD's primary objective was 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 AC with independent and objective reports on the state of internal controls of the key operating units within the Group guided by established policies and procedures and the regulatory requirements of the relevant authorities. The AC reviewed and approved the internal audit plan of the Group as submitted by the Head of IAD annually.

The total cost incurred for the internal audit function for FY2017 was RM62,000.

The summary of internal audit activities during the financial year under review is as outlined below:

- a. Presented an internal annual plan for approval by AC. The internal audit plan covered key operational activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage of operational activities on a regular basis.
- b. Conducted review of internal risks vis a vis the Group's activities to update the risk register of the Group.
- c. Performed audit on credit control, inventory management, production processes and insurance coverage to assess the adequacy of internal controls over these functions.
- d. Reviewed and recommended changes to the system flow in the Recycling department to assess the production waste with the aim to minimise production process losses.
- e. Assisted management to determine financial implication following expiry of tax incentive.
- f. Performed follow up audit to assess the implementation status of agreed recommendations to the audited areas.

The IAD has presented internal audit reports to the AC on quarterly basis until the appointment of the outsourced service provider. Audit recommendations and management responses in relation to findings on internal control weaknesses are incorporated into these reports which were also circulated to the AC. The resulting reports of the audits undertaken were issued to the management of the respective operating companies concerned, incorporating audit recommendations and management responses.

This report is approved by the AC on 23 April 2018.

DIRECTORS' REPORT

for the year ended 31 December 2017

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 2017.

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 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year other than as disclosed in Note 7 to the financial statements.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
- Owners of the Company	41,897	24,180
- Non-controlling interests	810	-
	<u>42,707</u>	<u>24,180</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 in respect of the financial year ended 31 December 2016 as reported in the Directors' Report of that year was a final single tier ordinary dividend of 6 sen per ordinary share, totalling RM7,948,203 recommended on 27 April 2017 and paid on 18 August 2017.

A final single tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2017 has been recommended by the Directors on 27 February 2018, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors of the Company

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

Duli Yang Teramat Mulia Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin
Tengku Muzzammil Bin Tengku Makram
Dato' Ang Poon Chuan - Managing Director
Dato' Ang Poon Khim
Datuk Ang Poon Seong
Ang See Ming
Chow Hon Piew
Kang Pang Kiang



DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2017

Directors of subsidiaries

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries during the financial year until the date of this report are as follows :

Dato' Ang Poon Chuan
Dato' Ang Poon Khim
Datuk Ang Poon Seong
Ang Poon Shen
Ang Eng Choo
Ang See Ming
Ang See Nung (Appointed on 23 January 2017)
Ang See Hwan
Ang See Cheong
Kim Young Tae
Lee Seunghwan
Phoon Ling Zi
Teh Boon Yen

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:

	Number of ordinary shares			
	Balance at 1.1.2017	Bought	(Sold)	Balance at 31.12.2017
The Company				
Dato' Ang Poon Chuan				
Interest in the Company:				
- own	928,500	688,006 ⁽¹⁾ 464,398	-	2,080,904
- others [#]	249,000	190,500 ⁽¹⁾ 22,400 ⁽²⁾ 50,033	-	511,933
Deemed interest in the Company:				
- own*	43,012,494	-	(43,012,494)	-
Datuk Ang Poon Seong				
Interest in the Company:				
- own	589,125	590,246	(176,208)	1,003,163
Deemed interest in the Company:				
- own*	43,012,494	-	(43,012,494)	-
Dato' Ang Poon Khim				
Interest in the Company:				
- own	642,325	321,162 ⁽¹⁾ 301,744	-	1,265,231
- others [#]	71,600	53,400 ⁽¹⁾	(60,000)	65,000

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2017



Directors' interests in shares (Cont'd)

	Balance at 1.1.2017	Number of ordinary shares		Balance at 31.12.2017
		Bought	(Sold)	
The Company				
Ang See Ming				
Interest in the Company:				
- own	592,508	597,400 ⁽¹⁾ 32,219	-	1,222,127
Subsidiaries				
- TGSH Plastic Industries Sdn. Bhd.				
<i>Direct interest</i>				
Ang See Ming - own	160,000	-	-	160,000
Datuk Ang Poon Seong - own	80,000	-	-	80,000
- 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	320,000	-	350,000
- 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 1.1.2017	Bought	(Sold)	Balance at 31.12.2017
The Company				
Dato' Ang Poon Chuan				
Interest in the Company:				
- own	485,000	250,537	(688,006) ⁽¹⁾	47,531
- others [#]	171,600	18,900	(190,500) ⁽¹⁾	-
Deemed interest in the Company:				
- own*	22,199,934	-	(22,199,934)	-



DIRECTORS'
REPORT (Cont'd)
for the year ended 31 December 2017

Directors' interests in shares (Cont'd)

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")			Balance at 31.12.2017
	Balance at 1.1.2017	Bought	(Sold)	
Datuk Ang Poon Seong				
Interest in the Company:				
- own	294,562	318,430	(95,062)	517,930
Deemed interest in the Company:				
- own*	22,199,934	-	(22,199,934)	-
Dato' Ang Poon Khim				
Interest in the Company:				
- own	321,162	162,787	(321,162) ⁽¹⁾	162,787
- others#	83,350	-	(53,400) ⁽¹⁾	29,950
Ang See Ming				
Interest in the Company:				
- own	597,400	17,381	(597,400)	17,381

	Number of warrants			Balance at 31.12.2017
	Balance at 1.1.2017	Bought	(Sold)	

The Company

Dato' Ang Poon Chuan				
Interest in the Company:				
- own	242,500	125,269	-	367,769
- others#	55,800	9,450	(22,400) ⁽²⁾	42,850
Deemed interest in the Company:				
- own*	11,099,967	-	(11,099,967)	-
Datuk Ang Poon Seong				
Interest in the Company:				
- own	117,281	159,216	(47,532)	228,965
Deemed interest in the Company:				
- own*	11,099,967	-	(11,099,967)	-
Dato' Ang Poon Khim				
Interest in the Company:				
- own	160,581	81,394	-	241,975
- others#	26,700	-	-	26,700
Ang See Ming				
Interest in the Company:				
- own	298,700	8,690	-	307,390



Directors' interests in shares (Cont'd)

- @ 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 2016
- * Ceassation of deemed interest in the Company pursuant to Section 8(4) of the Companies Act 2016.
- (1) Ordinary shares converted from ICULS
- (2) Ordinary shares subscribed through exercise of warrants

None of the other Directors holding office at 31 December 2017 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 those fees and other benefits 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 29 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 issued:

- i) 13,573,685 new ordinary shares arising from the conversion of 13,573,685 ICULS; and
- ii) 3,382,050 new ordinary shares for cash arising from the exercise of 3,382,050 warrants at the exercise price of RM1.50 per ordinary share.

There were no other changes in the 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 24 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 31.12.2017
5-year 5% ICULS	26,644,403



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.

3,382,050 (2016: 710,125) warrants were exercised during the financial year. As at the end of reporting period, 22,201,181 (2016: 25,583,231) 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 was RM Nil.

There was no indemnity given to or insurance affected for auditors of the Company during the financial year.

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:

- i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- ii) 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.

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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.

Subsequent event

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

DIRECTORS' **REPORT** *(Cont'd)*

for the year ended 31 December 2017



Auditors

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 19 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: 23 April 2018



STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Property, plant and equipment	3	178,630	138,905	91	155
Investment property	4	7,693	-	7,693	-
Prepaid lease payments	5	14,527	12,684	-	-
Intangible asset	6	213	222	-	-
Investment in subsidiaries	7	-	-	95,608	92,824
Other investments	8	567	567	567	567
Deferred tax assets	9	3,217	1,113	922	1,113
Fixed deposit with a licensed bank	10	30	30	30	30
Total non-current assets		204,877	153,521	104,911	94,689
Inventories	11	147,298	157,059	-	-
Current tax assets		1,243	587	28	-
Trade and other receivables	12	176,269	156,034	94,522	62,859
Cash and cash equivalents	13	155,764	152,610	28,117	29,174
Total current assets		480,574	466,290	122,667	92,033
Total assets		685,451	619,811	227,578	186,722
Equity					
Share capital	14	143,905	118,307	143,905	118,307
Reserves	15	322,348	311,606	48,945	52,045
Total equity attributable to owners of the Company		466,253	429,913	192,850	170,352
Non-controlling interests		9,850	8,370	-	-
Total equity		476,103	438,283	192,850	170,352
Liabilities					
Loans and borrowings	16	16,948	11,372	1,232	3,636
Deferred tax liabilities	9	4,928	6,431	-	-
Total non-current liabilities		21,876	17,803	1,232	3,636
Loans and borrowings	16	58,745	45,368	17,005	11,081
Trade and other payables	17	127,301	117,468	16,491	1,336
Current tax liabilities		1,426	889	-	317
Total current liabilities		187,472	163,725	33,496	12,734
Total liabilities		209,348	181,528	34,728	16,370
Total equity and liabilities		685,451	619,811	227,578	186,722

The notes on pages 42 to 96 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Continuing operations					
Revenue	18	832,146	742,868	29,010	41,651
Cost of goods sold		(713,269)	(624,819)	(943)	(1,062)
Gross profit		118,877	118,049	28,067	40,589
Other income		1,961	9,789	53	2,775
Selling and distribution expenses		(33,190)	(27,077)	-	(362)
Administrative expenses		(32,995)	(29,434)	(1,520)	(834)
Other expenses		(4,878)	(3,531)	(2,613)	(452)
Results from operating activities	19	49,775	67,796	23,987	41,716
Interest income		2,756	1,715	548	1,120
Finance costs	21	(1,849)	(1,367)	(402)	(467)
Profit before tax		50,682	68,144	24,133	42,369
Tax expense	22	(7,975)	(10,716)	47	(1,161)
Profit for the year		42,707	57,428	24,180	41,208
Other comprehensive expense 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)	-	(5)
Foreign currency translation differences for foreign operations		(3,875)	(1,829)	-	-
Total other comprehensive expense for the year, net of tax		(3,875)	(1,834)	-	(5)
Total comprehensive income for the year		38,832	55,594	24,180	41,203
Profit attributable to:					
Owners of the Company		41,897	55,854	24,180	41,208
Non-controlling interests		810	1,574	-	-
		42,707	57,428	24,180	41,208
Total comprehensive income attributable to:					
Owners of the Company		38,022	54,020	24,180	41,203
Non-controlling interests		810	1,574	-	-
		38,832	55,594	24,180	41,203
Basic earnings per ordinary share (sen)	23	32.86	52.03		
Diluted earnings per ordinary share (sen)	23	24.87	34.04		

The notes on pages 42 to 96 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2017

Group	Note	Attributable to owners of the Company									
		Non-distributable					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
At 1 January 2016		105,212	3,947	25,837	4,141	5	17,023	26,296	207,239	389,700	6,796
Foreign currency translation differences for foreign operations		-	-	(1,829)	-	-	-	-	-	(1,829)	-
Fair value of available-for-sale financial assets		-	-	-	-	(5)	-	-	-	(5)	-
Total other comprehensive expense for the year		-	-	(1,829)	-	(5)	-	-	-	(1,834)	-
Profit for the year		-	-	-	-	-	-	-	55,854	55,854	1,574
Total comprehensive income/(expense) for the year		-	-	(1,829)	-	(5)	-	-	55,854	54,020	1,574
Contributions by and distribution to owners of the Company											
- Conversion of ICULS	24	12,384	-	-	-	-	-	(6,191)	(5,276)	917	-
- Exercise of warrants		711	815	-	-	-	(459)	-	-	1,067	-
- Dividends to owners of the Company	25	-	-	-	-	-	-	-	(15,791)	(15,791)	-
Total transactions with owners of the Company		13,095	815	-	-	-	(459)	(6,191)	(21,067)	(13,807)	-
At 31 December 2016		118,307	4,762	24,008	4,141	-	16,564	20,105	242,026	429,913	8,370

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2017

	Attributable to owners of the Company									
	Non-distributable					Distributable				
Note	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Statutory 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
Group										
At 1 January 2017	118,307	4,762	24,008	4,141	16,564	20,105	242,026	429,913	8,370	438,283
Foreign currency translation differences for foreign operations	-	-	(3,875)	-	-	-	-	(3,875)	-	(3,875)
Total other comprehensive expense for the year	-	-	(3,875)	-	-	-	-	(3,875)	-	(3,875)
Profit for the year	-	-	-	-	-	-	41,897	41,897	810	42,707
Total comprehensive income/(expense) for the year	-	-	(3,875)	-	-	-	41,897	38,022	810	38,832
Contributions by and distribution to owners of the Company										
- Conversion of ICULS	13,573	-	-	-	-	(6,785)	(5,595)	1,193	-	1,193
- Exercise of warrants	7,263	-	-	-	(2,190)	-	-	5,073	-	5,073
- Dividend to owners of the Company	-	-	-	-	-	-	(7,948)	(7,948)	-	(7,948)
Total transactions with owners of the Company	20,836	-	-	-	(2,190)	(6,785)	(13,543)	(1,682)	-	(1,682)
- Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	670	670
Transfer in accordance with Section 618(2) of the Companies Act 2016	4,762	(4,762)	-	-	-	-	-	-	-	-
At 31 December 2017	143,905	-	20,133	4,141	14,374	13,320	270,380	466,253	9,850	476,103
Note 14	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15	Note 15		



STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*

for the year ended 31 December 2017

	Note	Non-distributable					Retained earnings/ earnings/ (Accumulated losses)	Total equity
		Share capital	Share premium	Fair value reserve	Equity component of ICULS	Warrants reserve		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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								
Contributions by and distribution to owners of the Company								
- Conversion of ICULS	24	12,384	-	-	(6,191)	-	(5,276)	917
- Exercise of warrants		711	356	-	-	-	-	1,067
- Dividends to owners of the Company	25	-	-	-	-	-	(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		118,307	4,762	-	20,105	16,564	10,614	170,352

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2017

		Non-distributable			Distributable		
		Share capital	Share premium	Equity component of ICULS	Warrants reserve	Retained earnings/ (Accumulated losses)	Total equity
	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
At 1 January 2017		118,307	4,762	20,105	16,564	10,614	170,352
Profit for the year and total comprehensive income for the year		-	-	-	-	24,180	24,180
Contributions by and distribution to owners of the Company							
- Conversion of ICULS	24	13,573	-	(6,785)	-	(5,595)	1,193
- Exercise of warrants		7,263	-	-	(2,190)	-	5,073
- Dividend to owners of the Company	25	-	-	-	-	(7,948)	(7,948)
Total transactions with owners of the Company		20,836	-	(6,785)	(2,190)	(13,543)	(1,682)
Transfer in accordance with Section 618(2) of the Companies Act 2016		4,762	(4,762)	-	-	-	-
At 31 December 2017		143,905	-	13,320	14,374	21,251	192,850
	Note 14	Note 15	Note 15	Note 15	Note 15	Note 15	

The notes on pages 42 to 96 are an integral part of these financial statements.



STATEMENTS OF CASH FLOWS

for the year ended 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities					
Profit before tax from continuing operations		50,682	68,144	24,133	42,369
Adjustments for:					
Property, plant and equipment					
- Depreciation	3	17,826	16,451	64	64
- Gain on disposal	19	(136)	(2,049)	-	-
- Written off	19	13	49	-	-
Depreciation of investment property	4	238	-	238	-
Amortisation of prepaid lease payments	5	237	268	-	-
Interest income		(2,756)	(1,715)	(548)	(1,120)
Dividend income	18	-	-	(25,000)	(39,000)
Interest expense	21	1,849	1,367	402	467
Loss on disposal of other investments	19	-	35	-	34
Amortisation of intangible asset	6	9	-	-	-
Unrealised gain on foreign exchange for loans and borrowings		(8,491)	-	(1,572)	-
Operating profit/(loss) before changes in working capital		59,471	82,550	(2,283)	2,814
Changes in working capital:					
Inventories		8,811	944	-	-
Trade and other receivables		(21,048)	(35,083)	(29,463)	(32,250)
Trade and other payables		10,497	33,365	15,155	455
Cash generated from/(used in) operations		57,731	81,776	(16,591)	(28,981)
Income taxes paid		(12,078)	(6,436)	(484)	(137)
Dividends received		-	-	25,000	31,148
Net cash from operating activities		45,653	75,340	7,925	2,030
Cash flows from investing activities					
Acquisition of other investments		-	(5,263)	-	(5,263)
Proceeds from disposal of other investments		-	7,746	-	5,380
Acquisition of property, plant and equipment	A	(57,035)	(23,548)	-	-
Proceeds from disposal of plant and equipment		160	2,055	-	-
Proceeds from government grant	3	-	1,998	-	-
Advances to subsidiaries		-	-	(2,200)	(441)
Additions to investment properties	4	(7,931)	-	(7,931)	-
Additions to prepaid lease payments	5	(2,537)	(54)	-	-
Interest received		2,756	1,715	548	1,120
Additions to intangible asset	6	-	(222)	-	-
Increase in investment in subsidiaries:					
- Subscription of additional interest in an existing subsidiary		-	-	(2,730)	(1,800)
- Additional investment in an overseas wholly-owned subsidiary		-	-	(54)	(56)
Net cash used in investing activities		(64,587)	(15,573)	(12,367)	(1,060)

STATEMENTS OF CASH FLOWS *(Cont'd)*

for the year ended 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from financing activities					
Repayment of finance lease liabilities		(778)	(486)	-	-
Drawdown/(Repayment) of term loans (net)		12,708	(2,851)	-	-
Drawdown/(Repayment) of other bank borrowings, net		17,486	10,591	8,152	9,136
Dividends paid	25	(7,948)	(15,791)	(7,948)	(15,791)
Proceeds from exercise of warrants		5,073	1,067	5,073	1,067
Payment of interest on ICULS	24	(1,682)	(2,635)	(1,682)	(2,635)
Interest paid (excluding interest on ICULS)		(1,657)	(956)	(210)	(56)
Proceed from issuance of shares to non-controlling interest		670	-	-	-
Net cash from/(used in) financing activities		23,872	(11,061)	3,385	(8,279)
Net increase/(decrease) in cash and cash equivalents		4,938	48,706	(1,057)	(7,309)
Effects of exchange rate fluctuations on cash held		(1,560)	(194)	-	-
Cash and cash equivalents at 1 January		151,538	103,026	29,174	36,483
Cash and cash equivalents at 31 December	B	154,916	151,538	28,117	29,174

Notes

A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM58,347,000 (2016: RM24,761,000) of which RM1,312,000 (2016: RM1,213,000) was acquired by means of finance leases. The remaining of RM57,035,000 (2016: RM23,548,000) 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:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	13	100,799	106,013	18,334	14,299
Short term deposits with licensed banks	13	2,856	4,515	-	-
Short term investment funds placed with financial institutions	13	52,109	42,082	9,783	14,875
Bank overdrafts	16	(848)	(1,072)	-	-
		154,916	151,538	28,117	29,174

The notes on pages 42 to 96 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 2017 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 2017 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 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 23 April 2018.

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, 2016 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 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*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendments, Curtailment or Settlement)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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 accounting standards, amendments and interpretations, as applicable, in the respective financial years when the above mentioned accounting standards, amendments or 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 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.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. MFRS 9 also introduces a new impairment model with a forward-looking expected credit loss (ECL) model.

The Group and the Company have assessed the estimated impact that the initial application of MFRS 9 will have on their financial statements as at 1 January 2018. Based on the assessment, the Group and the Company do not expect the application of MFRS 9 to have a significant impact on their financial statements.

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*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

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

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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

1. Basis of preparation *(Cont'd)*

(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(j)(i) - Impairment of receivables
- Note 9 - Deferred tax assets
- Note 11 - Write down of inventories

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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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.

(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 period, 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. Significant accounting policies (Cont'd)

(b) Foreign currency (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Available-for-sale financial assets (Cont'd)

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.

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Regular way purchase or sale of financial assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



2. Significant accounting policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(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	4 - 20
Motor vehicles	20

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

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. Significant accounting policies (Cont'd)

(f) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured at cost less any accumulated depreciation and any impairment losses. Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 33 years.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Transfers between investment property and property, plant and equipment do not change the carrying amount of the property transferred.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(g) 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 and comparative periods is 10 years. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(h) 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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. Significant accounting policies (Cont'd)

(k) 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.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(l) 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.

(m) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



2. Significant accounting policies (Cont'd)

(n) 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.

(o) 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 or the Company 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 and the Company.

(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.

(p) 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

2. Significant accounting policies (Cont'd)

(p) Borrowing costs (Cont'd)

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.

(q) 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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.

(r) 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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



2. Significant accounting policies (Cont'd)

(t) 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.

(u) 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 values 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. Property, plant and equipment

	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
Group						
Cost						
At 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 2016/1 January 2017	56,047	252,967	18,429	14,845	21,391	363,679
Additions	666	10,409	12,239	1,743	33,290	58,347
Disposals	-	(194)	(1)	(1,220)	-	(1,415)
Write off	-	(563)	(310)	(62)	(2)	(937)
Reclassifications	6,163	26,776	1,611	-	(34,550)	-
Effect of movements in exchange rates	(673)	(2,346)	(88)	(43)	-	(3,150)
At 31 December 2017	62,203	287,049	31,880	15,263	20,129	416,524
Accumulated depreciation and impairment losses						
At 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
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 2016/1 January 2017						
- 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Property, plant and equipment (Cont'd)

	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
Group						
Accumulated depreciation and impairment losses						
Depreciation for the year	2,015	12,931	1,527	1,353	-	17,826
Disposals	-	(194)	(1)	(1,196)	-	(1,391)
Write off	-	(563)	(306)	(55)	-	(924)
Effect of movements in exchange rates	(317)	(1,964)	(75)	(35)	-	(2,391)
At 31 December 2017						
- Accumulated depreciation	25,801	188,249	12,546	11,289	-	237,885
- Accumulated impairment losses	-	-	9	-	-	9
	25,801	188,249	12,555	11,289	-	237,894

Carrying amounts

At 1 January 2016	32,793	71,642	5,631	2,761	20,360	133,187
At 31 December 2016/1 January 2017	31,944	74,928	7,019	3,623	21,391	138,905
At 31 December 2017	36,402	98,800	19,325	3,974	20,129	178,630

Group

Land and buildings comprise:

	Cost		Carrying amounts	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Land	6,264	6,264	6,251	6,251
Factory buildings	55,939	49,783	30,151	25,693
	62,203	56,047	36,402	31,944

Security

At 31 December 2017, certain land and buildings, plant and machinery of the Group with carrying amount of RM 98,000 (2016: RM100,000) and RM19,505,000 (2016: Nil) respectively 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 was as follows:

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

3. Property, plant and equipment (Cont'd)

Change in estimates (Cont'd)

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

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:

	2017 RM'000	2016 RM'000
Motor vehicles	767	676
Plant and machinery	2,511	1,847
	<u>3,278</u>	<u>2,523</u>

	Motor vehicles RM'000
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Company

Cost

At 1 January 2016/31 December 2016/1 January 2017/31 December 2017	<u>320</u>
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Accumulated depreciation

At 1 January 2016	101
Depreciation for the year	64
At 31 December 2016/1 January 2017	<u>165</u>
Depreciation for the year	64
At 31 December 2017	<u>229</u>

Carrying amounts

At 1 January 2016	<u>219</u>
At 31 December 2016/1 January 2017	<u>155</u>
At 31 December 2017	<u>91</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



4. Investment property - Group/Company

	RM'000
Cost	
At 1 January 2016/31 December 2016/1 January 2017	-
Additions	7,931
At 31 December 2017	<u>7,931</u>
Accumulated depreciation	
At 1 January 2016/31 December 2016/1 January 2017	-
Depreciation for the year	238
At 31 December 2017	<u>238</u>
Carrying amounts	
At 1 January 2016/31 December 2016/1 January 2017	<u>-</u>
At 31 December 2017	<u>7,693</u>

4.1 Fair value information

Investment property comprises a leasehold land that is held for undetermined use.

The fair value of the investment property of the Group and of the Company is based on the Directors' estimation using the latest available market information and recent experience and knowledge in the location and category of property being valued. The fair value of the investment property of the Group and of the Company as at 31 December 2017 is classified as level 3 fair value, estimated at approximately RM7.6 million (2016: RM Nil).

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Estimation uncertainty and key assumptions

The Directors estimate the fair value of the Group's and of the Company's investment property based on the following key assumptions:

- Comparison of the Group's and of the Company's investment property with similar properties that were published for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

5. 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 2016	16,024	55	16,079
Reclassifications	55	(55)	-
Additions	54	-	54
Effect of movements in exchange rates	47	-	47
At 31 December 2016/1 January 2017	16,180	-	16,180
Additions	2,537	-	2,537
Effect of movements in exchange rates	(501)	-	(501)
At 31 December 2017	18,216	-	18,216
Amortisation			
At 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 2016/1 January 2017	3,496	-	3,496
Amortisation for the year	237	-	237
Effect of movements in exchange rates	(44)	-	(44)
At 31 December 2017	3,689	-	3,689
Carrying amounts			
At 1 January 2016	12,790	35	12,825
At 31 December 2016/1 January 2017	12,684	-	12,684
At 31 December 2017	14,527	-	14,527

Security

At 31 December 2017, certain leasehold land with carrying amount of RM1,483,000 (2016: RM1,509,000) are charged to licensed banks for banking facilities granted to certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*



6. Intangible asset - Group

	Franchise fees RM'000
Cost	
At 1 January 2016	-
Addition	222
At 31 December 2016/1 January 2017/31 December 2017	222
Amortisation and impairment loss	
Accumulated amortisation	
At 1 January 2017	-
Amortisation for the year	9
At 31 December 2017	9
Carrying amounts	
At 1 January 2016/ 31 December 2016/1 January 2017	222
At 31 December 2017	213

7. Investment in subsidiaries - Company

	2017 RM'000	2016 RM'000
Unquoted shares, at cost	96,137	93,353
Less: Impairment loss	(529)	(529)
	95,608	92,824

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017 %	2016 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Manufacturing and trading of food and beverage products	100	100
Thong Guan Plastic & Paper Industries Sdn. Bhd.	Malaysia	Manufacturing and trading of plastic products	100	100



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

7. Investment in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows (Cont'd):

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017 %	2016 %
TGP Marketing Sdn. Bhd.	Malaysia	Marketing of plastic packaging 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 Plaspack (Suzhou) Co., Ltd. #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TG Plaspack (Vietnam) Co., Ltd. #	Socialist Republic of Vietnam	Dormant	100	100
888 Cafe Sdn. Bhd. ("888 Cafe")	Malaysia	Commenced operation of food and beverage outlet during the financial year ended 31 December 2017	80	70
TG Power Wrap Sdn. Bhd. ("TGPW")	Malaysia	Manufacturing and marketing of polyvinyl chloride (PVC) cling food wrap	85	85
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 FIB")	Malaysia	Dormant	100	100
Newton Research & Development Centre Sdn. Bhd.	Malaysia	Research and development centre for plastic packaging industry	100	100
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. Investment in subsidiaries - Company (Cont'd)

7.1 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; and
- ii) Newton Research & Development Centre Sdn. Bhd. by a cash consideration of RM1,800,000.

7.2 During the year ended 31 December 2017, the Company subscribed for additional shares in the following subsidiaries:

- i) TG Plaspac (Vietnam) Co., Ltd by a cash consideration of RM53,523; and
- ii) 888 Café Sdn. Bhd. by a cash consideration of RM2,730,000.

7.3 Non-controlling interests in subsidiaries

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

	2017					
	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	20%	15%	30%	40%	40%	
Carrying amount of NCI	128	4,916	6,039	(851)	(382)	9,850
Profit/(Loss) allocated to NCI	(541)	881	1,259	(786)	(3)	810
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	4,739	31,044	9,780	3,416	-	48,979
Current assets	1,122	21,582	19,945	3,581	-	46,230
Non-current liabilities	-	(2,715)	(902)	(1,366)	-	(4,983)
Current liabilities	(6,188)	(17,139)	(8,696)	(8,072)	(955)	(41,050)
Net assets/(liabilities)	(327)	32,772	20,127	(2,441)	(955)	49,176
Year ended 31 December						
Revenue	1,609	67,696	63,708	2,039	-	135,052
Profit/(Loss) for the year	(2,705)	5,876	4,195	(1,965)	(7)	5,394
Total comprehensive income/ (expense)	(2,705)	5,876	4,195	(1,965)	(7)	5,394
Cash flows from operating activities	1,685	14,302	(733)	(106)	(11)	15,137
Cash flows from investing activities	(1,370)	(9,842)	(1,305)	(1,413)	-	(13,930)
Cash flows from financing activities	(10)	(4,703)	(82)	1,304	-	(3,491)
Net increase/ (decrease) in cash and cash equivalents	305	(243)	(2,120)	(215)	(11)	(2,284)
Dividend paid to NCI	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. Investment in subsidiaries - Company (Cont'd)

7.3 Non-controlling interests in subsidiaries (Cont'd)

	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/(Loss) 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
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	-	-	-	-	-	-

8. Other investments - Group/Company

	2017 RM'000	2016 RM'000
Non-current		
<i>Available-for-sale financial assets</i>		
Unquoted shares, at cost	2,874	2,874
Less: Impairment loss	(2,307)	(2,307)
	<u>567</u>	<u>567</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. Deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment (including prepaid lease payments)						
- Capital allowances	-	-	(8,986)	(4,716)	(8,986)	(4,716)
- Revaluation	-	-	(304)	(331)	(304)	(331)
- Tax losses	40	-	-	-	40	-
Tax incentives	9,862	2,570	-	-	9,862	2,570
Liability component of ICULS	605	1,339	-	-	605	1,339
Others	87	69	(3,015)	(4,249)	(2,928)	(4,180)
Tax assets/(liabilities)	10,594	3,978	(12,305)	(9,296)	(1,711)	(5,318)
Set-off of tax	(7,377)	(2,865)	7,377	2,865	-	-
Net tax assets/(liabilities)	3,217	1,113	(4,928)	(6,431)	(1,711)	(5,318)

The recognised deferred tax assets of the Company are as follows :

Company	Assets	
	2017	2016
	RM'000	RM'000
Equipment - capital allowances	(3)	(3)
Liability component of ICULS	605	1,339
Others	320	(223)
	922	1,113

Movements in temporary differences during the year are as follows:

	At 1 January 2016	Recognised in profit or loss (Note 22)	Recognised directly in equity	At 31 December 2016/ 1 January 2017	Recognised in profit or loss (Note 22)	Recognised directly in equity	At 31 December 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Property, plant and equipment (including prepaid lease payments)							
- Capital allowances	(4,992)	276	-	(4,716)	(4,270)	-	(8,986)
- Revaluation	(359)	28	-	(331)	27	-	(304)
Tax loss carry forwards	-	-	-	-	40	-	40
Tax incentives	4,782	(2,212)	-	2,570	7,292	-	9,862

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

9. Deferred tax assets/(liabilities) (Cont'd)

Movements in temporary differences during the year are as follows (Cont'd):

	At 1 January 2016 RM'000	Recognised in profit or loss (Note 22) RM'000	Recognised directly in equity RM'000	At 31 December 2016/ 1 January 2017 RM'000	Recognised in profit or loss (Note 22) RM'000	Recognised directly in equity RM'000	At 31 December 2017 RM'000
Liability component of ICULS	2,275	(556)	(380)	1,339	(357)	(377)	605
Others	(3,268)	(912)	-	(4,180)	1,252	-	(2,928)
	(1,562)	(3,376)	(380)	(5,318)	3,984	(377)	(1,711)
Company							
Plant and equipment – capital allowances	-	(3)	-	(3)	-	-	(3)
Liability component of ICULS	2,275	(556)	(380)	1,339	(357)	(377)	605
Others	-	(223)	-	(223)	543	-	320
	2,275	(782)	(380)	1,113	186	(377)	922

Unrecognised deferred tax assets

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

	Group	
	2017 RM'000	2016 RM'000
Capital allowance carry-forwards	(14,047)	(10,649)
Tax loss carry-forwards	(4,221)	(1,803)
Reinvestment allowance carry-forwards	(26,590)	(24,235)
Others	23,069	21,638
	(21,789)	(15,049)

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 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.

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

An amount of RM30,000 (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



11. Inventories - Group

	2017 RM'000	2016 RM'000
Raw materials	104,017	112,875
Work-in-progress	6,339	7,307
Manufactured inventories	33,219	32,863
Trading inventories	3,723	4,014
	<u>147,298</u>	<u>157,059</u>

12. Trade and other receivables

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Trade receivables		137,526	126,378	42,521	24,550
Non-trade					
Other receivables		25,100	21,904	2,499	4,090
Amount due from subsidiaries	12.1	-	-	49,500	33,165
Deposits	12.2	12,246	4,534	2	1,054
Prepayments		1,397	3,218	-	-
		<u>38,743</u>	<u>29,656</u>	<u>52,001</u>	<u>38,309</u>
		<u>176,269</u>	<u>156,034</u>	<u>94,522</u>	<u>62,859</u>

12.1 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand, except for an amount of RM3,141,000 (2016: RM941,000) due from subsidiaries which is subject to interest at the rate of 5% (2016: 5%) per annum.

12.2 Deposits

Included in deposits of the Group and the Company is an amount of RM10,947,000 (2016: RM3,165,000) and RM Nil (2016: RM1,052,000) respectively in respect of deposits for the purchase of property, plant and equipment. Also included in deposits of the Group is a security deposit of RM250,000 (2016: RM Nil) held by a related party.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. Cash and cash equivalents

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances		100,799	106,013	18,334	14,299
Short term deposits with licensed banks		2,856	4,515	-	-
Short term investment funds placed with financial institutions	13.1	52,109	42,082	9,783	14,875
		155,764	152,610	28,117	29,174

13.1 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.

14. Share capital - Group/Company

	2017		2016	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares of RM1 each:				
Authorised	NA Note 14.1	NA Note 14.1	500,000	500,000
Issued and fully paid				
At 1 January	118,307	118,307	105,212	105,212
Conversion of ICULS into ordinary shares	13,573	13,573	12,384	12,384
Exercise of warrants into ordinary shares	7,263	3,382	711	711
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 14.2)	4,762	-	-	-
At 31 December	143,905 Note 14.3	135,262 Note 14.1	118,307	118,307

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.

14.1 The concept of authorised share capital and par value of share capital have been abolished on the commencement of Companies Act 2016 on 31 January 2017.

14.2 In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

14.3 Included in share capital is share premium amounting to RM4,762,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Reserves

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Share premium	15.1	-	4,762	-	4,762
Translation reserve	15.2	20,133	24,008	-	-
Statutory reserve	15.3	4,141	4,141	-	-
Equity component of ICULS	15.4	13,320	20,105	13,320	20,105
Warrants reserve	15.5	14,374	16,564	14,374	16,564
Distributable					
Retained earnings		270,380	242,026	21,251	10,614
		322,348	311,606	48,945	52,045

15.1 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. As disclosed in Note 14, the amount standing to the credit of the share premium account has become part of the Company's share capital upon the commencement of Companies Act 2016 on 31 January 2017. The Company has twenty four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

15.2 Translation reserve

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

15.3 Statutory reserve

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

15.4 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 24).

15.5 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 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.

3,382,050 (2016: 710,125) warrants were exercised during the financial year. As at the end of reporting period, 22,201,181 (2016: 25,583,231) 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:

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. Reserves (Cont'd)

15.5 Warrants reserve (Cont'd)

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.

16. Loans and borrowings

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Secured term loans	11,416	-	-	-
Unsecured term loans	2,715	6,595	-	-
Finance lease liabilities	1,585	1,141	-	-
Liability component of ICULS	1,232	3,636	1,232	3,636
	16,948	11,372	1,232	3,636
Current:				
Secured				
- Term loans	4,254	-	-	-
- Bank overdrafts	-	96	-	-
- Bankers' acceptances	1,624	1,602	-	-
	5,878	1,698	-	-
Unsecured				
- Term loans	3,100	3,585	-	-
- Bank overdrafts	848	976	-	-
- Onshore foreign currency loans	28,396	13,637	-	-
- Bankers' acceptances	2,862	2,682	-	-
- Trust receipts	15,716	20,279	15,716	9,136
	50,922	41,159	15,716	9,136
Finance lease liabilities	656	566	-	-
Liability component of ICULS	1,289	1,945	1,289	1,945
	58,745	45,368	17,005	11,081

16.1 Securities

The above loans and borrowings of the Group are secured by fixed charges over certain land, factory buildings and machineries of the respective subsidiaries for which the facilities are granted (Note 3 and Note 5).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



16. Loans and borrowings (Cont'd)

16.2 Finance lease liabilities

Finance lease liabilities of the Group are payable as follows :

	2017			2016		
	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	776	(120)	656	655	(89)	566
Between 1 and 5 years	1,731	(146)	1,585	1,262	(121)	1,141
	2,507	(266)	2,241	1,917	(210)	1,707

16.3 Reconciliation of movement of liabilities of cash flows arising from financing activities

	At 1 January 2017 RM'000	Net changes from financing cash flow RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000
Group					
Term loans	10,180	12,708	-	(1,403)	21,485
Finance lease liabilities	1,707	(778)	1,312	-	2,241
Onshore foreign currency trade loans	13,637	20,049	-	(5,290)	28,396
Bankers' acceptances	4,284	202	-	-	4,486
Trust receipts	20,279	(2,765)	-	(1,798)	15,716
	50,087	29,416	1,312	(8,491)	72,324
Company					
Trust receipts	9,136	8,152	-	(1,572)	15,716

17. Trade and other payables

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Trade payables	17.1	99,715	97,755	15,152	188
Non-trade					
Amount due to related parties	17.2	21	47	-	-
Other payables	17.3	17,730	9,639	1,048	447
Accrued expenses		9,835	10,027	291	701
		27,586	19,713	1,339	1,148
		127,301	117,468	16,491	1,336



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

17. Trade and other payables (Cont'd)

17.1 Trade payables

Included in trade payables of the Group is an amount of RM1,022,000 (2016 : RM1,134,000) due to companies in which certain Directors have substantial financial interests, which is subject to the normal trade terms.

17.2 Amount due to related parties

The non-trade amount due to related parties is unsecured, interest-free and repayable on demand.

17.3 Other payables

Included in other payables of the Group is an amount of RM693,000 (2016 : RM1,833,000) in respect of advance payments received from customers.

18. Revenue

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Invoiced value of goods sold less discounts and returns	832,146	742,868	4,010	2,651
Dividend income from subsidiaries	-	-	25,000	39,000
	<u>832,146</u>	<u>742,868</u>	<u>29,010</u>	<u>41,651</u>

19. Results from operating activities

Results from operating activities are arrived at:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- KPMG PLT in Malaysia				
- current year	170	175	23	23
- prior year	4	8	-	-
- Other auditors	55	55	-	-
- Other services				
- KPMG PLT in Malaysia	10	10	10	10
- Affiliates of KPMG PLT in Malaysia				
- current year	37	25	15	5
- prior year	-	1	1	1
Bad debts written off	-	20	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. Results from operating activities (Cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment :				
- Depreciation (Note 3)	17,826	16,451	64	64
- Written off	13	49	-	-
Depreciation of investment property (Note 4)	238	-	238	-
Amortisation of prepaid lease payments (Note 5)	237	268	-	-
Amortisation of intangible asset (Note 6)	9	-	-	-
Directors' emoluments				
Directors of the Company				
- fees	409	384	240	215
- remuneration	3,029	2,788	114	97
- others	88	50	88	50
Other Directors				
- fees	84	72	-	-
- remuneration	724	563	-	-
Personnel expenses (excluding key management personnel)				
- Wages, salaries and others	56,281	48,699	-	-
- Contributions to state plans	5,070	4,498	-	-
Rental expense	2,572	1,643	-	-
Impairment loss on:				
- trade receivables (Note 30.4)	532	3,379	-	-
- amount due from a subsidiary	-	-	-	396
Loss on foreign exchange				
- realised	3,318	-	494	-
- unrealised	640	-	2,119	-
Loss on disposal of other investments	-	35	-	34
and after crediting:				
Gain on disposal of plant and equipment	136	2,049	-	-
Gain on foreign exchange				
- realised	-	842	-	1,485
- unrealised	-	4,149	-	1,082
Rental income from property and machinery	-	2	-	-
Reversal of impairment loss on:				
- trade receivables (Note 30.4)	274	159	8	8
- other receivables	-	9	-	-

20. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	289	289	120	120
- Others	2	2	2	2
- Remuneration	3,029	2,788	114	97
Other Directors				
- Remuneration	372	237	-	-
	3,692	3,316	236	219



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. Finance costs

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Finance lease liabilities	134	66	-	-
Term loans	419	373	-	-
Bank overdrafts	47	48	-	-
Onshore foreign currency loans	487	219	-	-
Bankers' acceptances	225	194	-	-
Trust receipts	249	56	210	56
ICULS	192	411	192	411
Revolving credits	86	-	-	-
Others	10	-	-	-
	<u>1,849</u>	<u>1,367</u>	<u>402</u>	<u>467</u>

22. Tax expense

Recognised in profit or loss

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense on continuing operations	<u>7,975</u>	<u>10,716</u>	<u>(47)</u>	<u>1,161</u>

Major components of tax expense include:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	11,119	7,496	108	379
- Prior years	840	(156)	31	-
Total current tax recognised in profit or loss	<u>11,959</u>	<u>7,340</u>	<u>139</u>	<u>379</u>
Deferred tax expense				
- Origination and reversal of temporary differences	(4,091)	3,535	(186)	782
- Prior years	134	(132)	-	-
- Revaluation	(27)	(27)	-	-
Total deferred tax recognised in profit or loss	<u>(3,984)</u>	<u>3,376</u>	<u>(186)</u>	<u>782</u>
Total tax expense/(income) recognise in profit or loss	<u>7,975</u>	<u>10,716</u>	<u>(47)</u>	<u>1,161</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



22. Tax expense (Cont'd)

Recognised in other comprehensive expense

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Reconciliation of tax expense

	2017	2016
	RM'000	RM'000
Group		
Profit for the year	42,707	57,428
Total tax expense	7,975	10,716
Profit excluding tax	<u>50,682</u>	<u>68,144</u>
Income tax calculated using Malaysian tax rate of 24% (2016: 24%)	12,164	16,355
Effect of higher tax rate in foreign jurisdictions	12	94
Non-deductible expenses	975	2,285
Income not subject to tax	(698)	(377)
Tax incentive	(6,628)	(9,680)
Reversal of deferred tax on revaluation	(27)	(27)
Effects of unrecognised deferred tax assets	1,618	2,273
Others	(415)	81
Under/(Over) provision in prior years	974	(288)
Tax expense	<u>7,975</u>	<u>10,716</u>
Company		
Profit for the year	24,180	41,208
Total tax expense/(Income)	(47)	1,161
Profit excluding tax	<u>24,133</u>	<u>42,369</u>
Income tax calculated using Malaysian tax rate of 24% (2016 : 24%)	5,792	10,169
Non-deductible expenses	169	575
Income not subject to tax	(6,088)	(9,640)
Others	49	57
Under provision in prior years	31	-
Tax expense/(income)	<u>(47)</u>	<u>1,161</u>



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

23. 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 RM41,897,000 (2016: RM55,854,000) and on the weighted average number of ordinary shares outstanding during the year of 127,500,020 (2016: 107,339,643) calculated as follows:

	2017	2016
Issued ordinary shares at 1 January	118,306,539	105,212,250
Effect of warrants exercised during the year	1,715,768	184,323
Effect of conversion of ICULS during the year	7,477,713	1,943,070
Weighted average number of ordinary shares at 31 December	<u>127,500,020</u>	<u>107,339,643</u>
Basic earnings per ordinary share (sen)	<u>32.86</u>	<u>52.03</u>

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM41,897,000 (2016: RM55,854,000) and on the weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares of 168,472,845 (2016 : 164,068,894) calculated as follows:

	2017	2016
Weighted average number of ordinary shares at 31 December (basic)	127,500,020	107,339,643
Effect of exercise of warrants	14,328,422	16,511,163
Effect of conversion of ICULS	26,644,403	40,218,088
Weighted average number of ordinary shares at 31 December (diluted)	<u>168,472,845</u>	<u>164,068,894</u>
Diluted earnings per ordinary share (sen)	<u>24.87</u>	<u>34.04</u>

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

On 15 October 2014, the Company issued 52,602,250 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 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 :

- 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;
- The ICULS are convertible into new ordinary shares 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;
- 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

24. Irredeemable Convertible Unsecured Loan Stocks ("ICULS") - Group/Company (Cont'd)

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 16) RM'000	Equity component of ICULS (Note 15) RM'000	Total RM'000
At the date of issuance of ICULS			
- nominal value	11,645	26,296	37,941
At 1 January 2016	9,102	26,296	35,398
Conversion of ICULS into ordinary shares	(1,297)	(6,191)	(7,488)
Interest expense (Note 21)	411	-	411
Interest paid	(2,635)	-	(2,635)
At 31 December 2016/1 January 2017	5,581	20,105	25,686

	Liability component of ICULS (Note 16) RM'000	Equity component of ICULS (Note 15) RM'000	Total RM'000
Conversion of ICULS into ordinary shares	(1,570)	(6,785)	(8,355)
Interest expense (Note 21)	192	-	192
Interest paid	(1,682)	-	(1,682)
At 31 December 2017	2,521	13,320	15,841

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

	2017 RM'000	2016 RM'000
Within 1 year	1,289	1,945
Within 1 to 5 years	1,232	3,636
	<u>2,521</u>	<u>5,581</u>

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

	Number of ICULS outstanding as at 31.12.2017
5-year 5% ICULS	26,644,403



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

25. Dividends - Group and Company

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2017			
- Final 2016 single tier ordinary dividend	6.00	7,948	18 August 2017
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
	15.00	15,791	

A final single tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2017 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 2017.

26. Capital commitments

	2017 RM'000	2016 RM'000
Group		
Contracted but not provided for Property, plant and equipment	64,501	26,514
Company		
Contracted but not provided for Property, plant and equipment	-	6,879

27. 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.

28. 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. Operating segments (Cont'd)

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

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, investment property and intangible assets other than goodwill.

	Plastic products		Food, beverages and other consumable products		Others		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss)	53,774	61,167	(2,226)	3,212	(866)	3,765	50,682	68,144
Included in the measure of segment profit/(loss) are:								
- Depreciation and amortisation	16,740	15,849	1,268	806	302	64	18,310	16,719
- Revenue from external customers	772,350	690,835	55,786	49,382	4,010	2,651	832,146	742,868
Segment assets	550,637	516,289	50,049	42,789	81,548	59,620	682,234	618,698
Included in the measure of segment assets is:								
- Capital expenditure	58,403	22,840	2,481	1,975	7,931	-	68,815	24,815
- 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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

28. Operating segments *(Cont'd)*

Geographical information (Cont'd)

	2017 RM'000	2016 RM'000
Revenue		
Japan	246,107	225,289
Malaysia	170,878	154,700
Australia	115,507	109,639
Korea	49,998	38,450
New Zealand	33,252	29,407
Philippines	31,859	27,514
Singapore	15,717	24,176
China	14,278	10,740
Vietnam	11,682	8,541
Others	142,868	114,412
	832,146	742,868
Non-current assets		
Malaysia	175,023	124,938
China	22,817	23,355
Vietnam	3,223	3,518
	201,063	151,811

29. Related parties

29.1 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 7
- 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")
 - Sensible Matrix Sdn. Bhd.
 - Foremost Equals Sdn. Bhd.
- 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



29. Related parties (Cont'd)

29.2 Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated 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 12 and 17 to the financial statements.

29.2.1 Transactions with subsidiaries:

	2017 RM'000	2016 RM'000
Company		
Dividend income (gross)	25,000	39,000
Interest income	122	42

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

i) Sales to :

	Group 2017 RM'000	2016 RM'000
KFI	2,992	2,945

ii) Purchases from:

	2017 RM'000	2016 RM'000
KFI	4,961	4,995

iii) Rental expense paid and payable to:

	2017 RM'000	2016 RM'000
KP	65	62

29.2.3 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 2017 RM'000	2016 RM'000
RMSB	-	25
FTT	-	48



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

29. Related parties (Cont'd)

29.2 Significant related party transactions (Cont'd)

29.2.3 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 (Cont'd):

ii) Purchases from:

	2017	2016
	RM'000	RM'000
FTT	177	168

iii) Rental expense paid and payable to:

	2017	2016
	RM'000	RM'000
BV	814	794

iv) Security deposit paid to :

	2017	2016
	RM'000	RM'000
BV	250	-

29.3 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 20.

30. Financial instruments

30.1 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
2017			
Financial assets			
Group			
Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments and deposits)	162,626	162,626	-
Cash and cash equivalents	155,764	155,764	-
	318,987	318,420	567

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	L&R RM'000	AFS RM'000
Company			
Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments and deposits)	94,520	94,520	-
Cash and cash equivalents	28,117	28,117	-
	123,234	122,667	567

2016

Financial assets

Group

Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments and deposits)	148,282	148,282	-
Cash and cash equivalents	152,610	152,610	-
	301,489	300,922	567

Company

Other investments	567	-	567
Fixed deposit with a licensed bank	30	30	-
Trade and other receivables (excluding prepayments and deposits)	61,805	61,805	-
Cash and cash equivalents	29,174	29,174	-
	91,576	91,009	567

	Carrying amount RM'000	FL RM'000
2017		
Financial liabilities		
Group		
Loans and borrowings	75,693	75,693
Trade and other payables	127,301	127,301
	202,994	202,994



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	FL RM'000
Company		
Loans and borrowings	18,237	18,237
Trade and other payables	16,491	16,491
	34,728	34,728
2016		
Financial liabilities		
Group		
Loans and borrowings	56,740	56,740
Trade and other payables	117,468	117,468
	174,208	174,208
Company		
Loans and borrowings	14,717	14,717
Trade and other payables	1,336	1,336
	16,053	16,053

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net (losses)/gains on:				
Loans and receivables	(1,460)	3,475	(2,057)	3,299
Available-for-sale financial assets				
- recognised in profit or loss	-	(35)	-	(34)
- recognised in equity	-	(5)	-	(5)
Financial liabilities measured at amortised cost	(1,849)	(1,367)	(402)	(467)
	(3,309)	2,068	(2,459)	2,793

30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



30. Financial instruments (Cont'd)

30.4 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.

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:

	2017 RM'000	2016 RM'000
Group		
Domestic	60,722	53,670
Asia, other than Malaysia	44,128	37,565
Australia	23,279	22,983
Europe	7,937	3,951
Others	1,460	8,209
	<u>137,526</u>	<u>126,378</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			
2017			
Not past due	82,269	-	82,269
Past due 1 - 30 days	34,246	(25)	34,221
Past due 31 - 60 days	13,751	-	13,751
Past due more than 60 days	17,580	(10,295)	7,285
	<u>147,846</u>	<u>(10,320)</u>	<u>137,526</u>



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Receivables (Cont'd)

Impairment losses (Cont'd)

	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>
Company			
2017			
Not past due	41,469	-	41,469
Past due 1 - 30 days	1,052	-	1,052
Past due more than 60 days	58	(58)	-
	<u>42,579</u>	<u>(58)</u>	<u>42,521</u>
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>

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	12,017	8,928	591	599
Impairment loss recognised (Note 19)	532	3,379	-	-
Impairment loss reversed (Note 19)	(274)	(159)	(8)	(8)
Impairment loss written off	(1,955)	(131)	(525)	-
At 31 December	<u>10,320</u>	<u>12,017</u>	<u>58</u>	<u>591</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.



30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

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 foreign 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 8.

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.

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 are as follows:

- i) the Company has issued corporate guarantees to licensed banks for banking facilities granted to certain subsidiaries up to a limit of RM502.6 million (2016: RM522.5 million) of which RM66.9 million (2016: RM51.7 million) have been utilised as at the end of the reporting period.
- ii) the Company has issued corporate guarantees amounting to RM179.8 million (2016: RM168.6 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 RM19.0 million (2016: RM23.4 million).

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.4 Credit risk (Cont'd)

Corporate guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral (Cont'd)

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.

30.5 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 banking 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.5 Liquidity risk (Cont'd)

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:

Group	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
2017							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	2,521	5.00	2,521	1,289	1,232	-	-
Term loans	21,485	2.36 - 4.10	22,642	8,002	7,383	6,921	336
Finance lease liabilities	2,241	5.68 - 6.13	2,507	776	669	1,062	-
Bank overdrafts	848	7.74 - 8.10	848	848	-	-	-
Onshore foreign currency loans	28,396	1.64 - 2.24	28,396	28,396	-	-	-
Bankers' acceptances	4,486	4.99 - 5.11	4,486	4,486	-	-	-
Trust receipts	15,716	2.46 - 2.55	15,716	15,716	-	-	-
Trade and other payables	127,301	-	127,301	127,301	-	-	-
	202,994		204,417	186,814	9,284	7,983	336
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	-	-	-
	174,208		174,981	163,235	6,053	5,693	-



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	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
Company							
2017							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	2,521	5.00	2,521	1,289	1,232	-	-
Trust receipts	15,716	2.46 - 2.55	15,716	15,716	-	-	-
Trade and other payables	16,491	-	16,491	16,491	-	-	-
Financial guarantees	-	-	85,917	85,917	-	-	-
	34,728		120,645	119,413	1,232	-	-
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	-	-	-
	16,053		91,235	87,599	1,859	1,777	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.6 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						
2017						
Trade and other receivables	97,504	1,242	5,650	1,404	364	106,164
Cash and bank balances	32,246	9,044	1,368	183	573	43,414
Short term deposits with licensed banks	-	-	1,185	-	-	1,185
Trade and other payables	(51,341)	2	(10)	(35)	(181)	(51,565)
Loans and borrowings	(65,597)	-	-	-	-	(65,597)
Net exposure	12,812	10,288	8,193	1,552	756	33,601
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



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	USD RM'000	JPY RM'000	AUD RM'000	SGD RM'000	EUR RM'000	Total RM'000
Company						
2017						
Trade and other receivables	42,521	-	-	-	-	42,521
Cash and bank balances	12,968	-	-	-	-	12,968
Trade and other payables	(15,152)	-	-	-	-	(15,152)
Loans and borrowings	(15,716)	-	-	-	-	(15,716)
Net exposure	24,621	-	-	-	-	24,621
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

Currency risk sensitivity analysis

A 10% (2016 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have 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	
	2017	2016
	RM'000	RM'000
Group		
USD	974	4,303
JPY	782	380
AUD	623	816
SGD	118	234
EUR	57	287
Company		
USD	1,871	1,974

A 10% (2016: 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

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.

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
2017		
Fixed rate instruments		
Financial assets	2,856	3,141
Financial liabilities	(53,360)	(18,237)
	<u>(50,504)</u>	<u>(15,096)</u>
Floating rate instruments		
Financial liabilities	<u>(22,333)</u>	<u>-</u>
2016		
Fixed rate instruments		
Financial assets	4,515	941
Financial liabilities	(45,488)	(14,717)
	<u>(40,973)</u>	<u>(13,776)</u>
Floating rate instruments		
Financial liabilities	<u>(11,252)</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.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

(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.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
2017		
Floating rate instruments	<u>(170)</u>	<u>170</u>
2016		
Floating rate instruments	<u>(86)</u>	<u>86</u>

30.7 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

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		
2017										
Group										
Financial liabilities										
Term loans	-	-	-	-	-	-	21,485	21,485	21,485	21,485
Finance lease liabilities	-	-	-	-	-	-	2,241	2,241	2,241	2,241
Liability component of ICULS	-	-	-	-	-	-	2,521	2,521	2,521	2,521
	-	-	-	-	-	-	26,247	26,247	26,247	26,247
Company										
Financial liability										
Liability component of ICULS	-	-	-	-	-	-	2,521	2,521	2,521	2,521
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 liability										
Liability component of ICULS	-	-	-	-	-	-	5,581	5,581	5,581	5,581



NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

30. Financial instruments (Cont'd)

30.7 Fair value information (Cont'd)

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 (2016: 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.

31. Subsequent event

Subsequent to year end, the Company purchased 186,200 of its ordinary shares from open market at RM578,991.

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 34 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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: 23 April 2018



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, **Ang See Ming**, 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 34 to 96 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 **Ang See Ming**, NRIC: 700515-07-5691, at George Town in the State of Penang on 23 April 2018.

.....
Ang See Ming

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 2017 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 34 to 96.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 12 - Trade and other receivables and Note 30.4 - Financial instruments

The Group has trade receivables amounting to RM138 million, representing 29% of the Group's total current assets as at 31 December 2017. In the current 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 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.

Valuation of inventories

Refer to Note 2(h) (significant accounting policies - Inventories) and Note 11 - Inventories.

The Group has inventories amounting to RM147 million, representing 31% of the Group's current assets as at 31 December 2017.



INDEPENDENT

AUDITORS' REPORT *(Cont'd)*

TO THE MEMBERS OF THONG GUAN INDUSTRIES BERHAD
(Company No. 324203 K) (Incorporated in Malaysia)

Valuation of inventories (Cont'd)

As resin being the main inventory for the Group is highly dependent on the volatility in commodity prices, there is a risk that inventories are not measured at the lower of cost and net realisable value. Since the Group is involved in the plastic packaging solutions, the Group's finished products are not generic and raw materials were ordered to cater for current as well as expected future demand for similar goods which may not materialise. The Group produces finished products in standard batches which may go beyond the required quantities to fulfill an order. Discontinued orders of similar products may render the finished products obsolete unless management is able to find alternative use for those goods.

Identifying and determining the appropriate write down of the raw materials and finished products to net realisable value will require the use of judgment. This is one of the areas that our audit focuses on because it requires us to design appropriate procedures to identify such inventories and use judgement to evaluate the assessments made by the Directors.

In this area, the audit procedures included, amongst others:

- Assessed the Management's procedures in identifying and writing down the slow moving and obsolete inventories and evaluated the adequacy of write down based on the past trend and market outlook;
- Determined that the inventories were carried at the lower of cost and net realisable value by comparing the carrying amount against the selling price after year end less selling expense, or where there were no sales subsequent to the year end, compared it to the market price; and
- Assessed the adequacy of write down for significant inventories that were noted as damage, slow moving or obsolete during the inventory count observation.

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 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the 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.

INDEPENDENT AUDITORS' REPORT *(Cont'd)*

TO THE MEMBERS OF THONG GUAN INDUSTRIES BERHAD
(Company No. 324203 K) (Incorporated in Malaysia)



Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

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 7 to the financial statements.

Other Matter

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

Penang

Date: 23 April 2018

Lim Su Ling
Approval Number : 03098/12/2019 J
Chartered Accountant

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	19-21 years	60 years, leasehold, expiring on 12.4.2052	0.45	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	23 years	60 years leasehold, expiring on 12.4.2052	0.75	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	17 years	60 years leasehold, expiring on 4.6.2055	2.95	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	20-33 years	Freehold	3.71	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 buildings	339,590	15-35 years	Freehold	4.49	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	33 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	25 years	Freehold	0.49	31.12.2004
CL 015373672 Lorong Rambutan Off KM 11 Jln Tuaran Kota Kinabalu Sabah	Factory and other buildings	82,764	29 years	60 years leasehold, expiring on 31.12.2035	1.48	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jln Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	39 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, Sabah	Double storey semi-detached light industrial building	5,670	26 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, People Republic of China	Factory with office buildings	315,425	12-16 years	50 years leasehold, expiring on 31.12.2049	4.84	01.01.2000

LIST OF PROPERTIES OWNED BY THE GROUP *(Cont'd)*



Location	Description	Approximate Land Area (sq.ft.)	Age of Building	Tenure	Net Book Value RM million	Date of Valuation/ Acquisition
Pangjin Road Wujiang Economic Developing Area Jiangsu, People Republic of China	Factory buildings	716,876	12-13 years	50 years leasehold, expiring on 08.03.2053	6.61	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	12 years	60 years leasehold, expiring on 11.04.2052	4.88	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	17-18 years	60 years leasehold, expiring on 4.7.2055	3.22	26.08.2011
Lot No. PT2574, H.S. (M) 2798, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Warehouse	83,689	13 years	60 years leasehold, expiring on 15.9.2050	0.78	26.08.2011
No. 12 VSIP II Street 9, Vietnam Singapore Industrial Park II Ben Cat District Binh Duong Province, Socialist Republic of Vietnam	Vacant industrial land	269,571	-	48 years leasehold, expiring on 30.11.2055	3.22	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	23 years	60 years leasehold, expiring on 23.11.2054	2.47	11.09.2014
Lot No. P.T.95008, H.S.(D) No.115280 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Vacant industrial land	694,820	-	60 years leasehold, expiring on 03.04.2050	7.69	03.01.2017
Lot No. P.T.30500, H.S.(D) No.46326 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	161,836	14 years	60 years leasehold, expiring on 05.05.2055	7.75	30.12.2017



ANALYSIS OF ORDINARY SHAREHOLDINGS

(as at 04 April 2018)

Total no. of issued share capital	-	136,292,703 ordinary shares (including 186,200 treasury shares)
Class of shares	-	Ordinary shares
Voting rights	-	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	No. of share held	% of shareholding
Less than 100	163	9,766	0.01
100 - 1,000	735	551,824	0.40
1,001 - 10,000	2,265	9,996,218	7.33
10,001 - 100,000	742	21,055,137	15.45
100,001 - 6,814,634	137	66,726,133	48.96
6,814,635 - 136,292,703	1	37,953,625	27.85
TOTAL	4,043	136,292,703	100.00

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	2,128,435	1.56	511,933 ^(a)	0.38
Datuk Ang Poon Seong	1,013,163	0.74	4,200 ^(a)	0.00
Dato' Ang Poon Khim	1,265,231	0.93	85,000 ^(a)	0.06
Ang See Ming	1,222,127	0.90	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

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

SUBSTANTIAL SHAREHOLDER

Name	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Foremost Equals Sdn Bhd	44,053,625	32.37	-	-

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS") HOLDINGS

(as at 04 April 2018)

No of ICULS 2014/2019 Issued	-	25,761,972
Exercise/Conversion Price	-	RM1.00 of ICULS for 1 new Ordinary Share
Coupon Rate	-	5% per annum payable semi-annually in arrear
Maturity Date	-	10 October 2019

DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS holdings	No. of ICULS holders	No. of ICULS held	% of ICULS holdings
Less than 100	24	501	0.00
100 - 1,000	142	90,504	0.35
1,001 - 10,000	266	1,099,442	4.27
10,001 - 100,000	79	2,296,582	8.91
100,001 - 1,288,097	12	2,779,443	10.79
1,288,098 - 25,761,972	1	19,495,500	75.68
TOTAL	524	25,761,972	100.00

DIRECTORS' ICULS HOLDINGS

	Direct Interest No. of ICULS	%	Indirect Interest No. of ICULS	%
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	-	-	-	-
Datuk Ang Poon Seong	517,930	2.01	-	-
Dato' Ang Poon Khim	162,787	0.63	29,950 ^(a)	0.12
Ang See Ming	17,381	0.07	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

^(a) Deemed interested via interest held through spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016



ANALYSIS OF WARRANT HOLDINGS

(as at 04 April 2018)

No of Warrants 2014/2019 Issued	-	22,053,181
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 holdings	No. of Warrant holders	No. of Warrants	% of Warrant holdings
Less than 100	108	4,724	0.02
100 - 1,000	222	127,328	0.58
1,001 - 10,000	406	1,712,064	7.76
10,001 - 100,000	146	4,168,318	18.90
100,001 - 1,102,658	22	5,217,997	23.66
1,102,659 - 22,053,181	1	10,822,750	49.08
TOTAL	905	22,053,181	100.00

DIRECTORS' WARRANT HOLDINGS

	Direct Interest No. of Warrants	%	Indirect Interest No. of Warrants	%
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	367,769	1.67	42,850 ^(a)	0.19
Datuk Ang Poon Seong	228,965	1.04	-	-
Dato' Ang Poon Khim	241,975	1.10	26,700 ^(a)	0.12
Ang See Ming	307,390	1.39	-	-
Chow Hon Piew	-	-	-	-
Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

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

LIST OF 30 LARGEST SHAREHOLDERS

(as at 04 April 2018)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	27,050,000	19.847
2	FOREMOST EQUALS SDN BHD	10,903,625	8.000
3	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOREMOST EQUALS SDN.BHD.	6,100,000	4.476
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	4,989,500	3.661
5	AMSEC NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND (UT-CIMB-DALI)	4,102,500	3.010
6	NEOH CHOO EE & COMPANY, SDN. BERHAD	3,512,500	2.577
7	SENSIBLE MATRIX SDN BHD	1,663,303	1.220
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	1,630,100	1.196
9	LASER CARTEL SDN BHD	1,313,900	0.964
10	ANG POON CHUAN	1,269,835	0.932
11	ANG POON KHIM	1,265,231	0.928
12	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	1,193,900	0.876
13	SUPERB SENSE SDN BHD	1,188,100	0.872
14	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,169,600	0.858
15	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	1,150,000	0.844
16	ANG SEE MING	1,094,900	0.803
17	DYNAQUEST SDN. BERHAD	1,026,300	0.753
18	ANG POON SEONG	1,013,163	0.743
19	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYED HIZAM ALSAGOFF (E-PDG)	1,000,000	0.734
20	TAN LEE HWA	898,000	0.659
21	ANG POON CHUAN	858,600	0.630
22	LIM GAIK BWAY @ LIM CHIEW AH	834,100	0.612
23	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	780,000	0.572
24	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	760,000	0.558
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	655,000	0.481
26	DENVER CAPITAL SDN BHD	650,000	0.477
27	SEAH MOK KHOON	650,000	0.477
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	630,000	0.462
29	CHEAM HENG MING	614,800	0.451
30	ANG POON SHEN	537,247	0.394
	TOTAL:	80,504,204	59.067



LIST OF 30 LARGEST IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) HOLDERS

(as at 4 April 2018)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	19,495,500	75.675
2	LEE AH SEE	734,062	2.849
3	ANG POON SEONG	517,930	2.010
4	CHOY WEE CHIAP	203,100	0.788
5	ANG POON KHIM	162,787	0.632
6	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE EAN SENG	150,000	0.582
7	TEH BOON YEN	142,227	0.552
8	LEE AH SEE	141,750	0.550
9	CHEAH KHENG KEOW	126,387	0.491
10	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	120,000	0.466
11	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SOO CHING	117,500	0.456
12	ANG ENG JOO	103,150	0.400
13	SEAH MOK KHOON	102,250	0.397
14	SEE EAN SENG	100,000	0.388
15	ANG ENG YEAN	94,462	0.367
16	LIM SOON HUAT	93,700	0.364
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHIMAH STEPHENS (CEB)	85,000	0.330
18	HOR CHEONG HON	78,200	0.304
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (E-KKU/LBN)	75,000	0.291
20	ROBERT TAN	71,125	0.276
21	ANG ENG NEE	69,400	0.269
22	SEE EAN SENG	58,000	0.225
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NEOH SOON KEAN (M01)	54,800	0.213
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN HONG EE (M01)	54,800	0.213
25	NG HAN SING	54,000	0.210
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS KONG @ KONG FEN SHIN (470294)	53,950	0.209
27	BEE KHENG HOLDINGS SDN. BHD.	53,000	0.206
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALBIAH BINTI SHUIB (CEB)	50,000	0.194
29	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	43,262	0.168
30	YONG CHEE HOO	40,000	0.155
	TOTAL:	23,245,342	90.230

LIST OF 30 LARGEST WARRANT HOLDERS

(as at 4 April 2018)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	10,822,750	49.076
2	SUPERB SENSE SDN BHD	875,000	3.968
3	LEE AH SEE	357,031	1.619
4	LIM JIT HAI	329,800	1.495
5	ANG SEE MING	307,390	1.394
6	SENSIBLE MATRIX SDN BHD	277,217	1.257
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (E-PDG)	248,400	1.126
8	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	245,350	1.113
9	ANG POON KHIM	241,975	1.097
10	ANG POON SEONG	228,965	1.038
11	ANG POON CHUAN	220,469	1.000
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVAN A/L DINASAN	206,700	0.937
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGEE PENG SOON (7000564)	200,000	0.907
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH YEW PENG	200,000	0.907
15	CHUA ENG KIAT	172,700	0.783
16	YONG CHEE HOO	150,000	0.680
17	ANG POON CHUAN	147,300	0.668
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (KUCHING-CL)	142,000	0.644
19	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM SOON AIK	140,000	0.635
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR OOI IN HAW (MY2963)	116,800	0.530
21	CHEAM HENG MING	105,500	0.478
22	EILEEN LOOI	101,900	0.462
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD DEVAN A/L DINASAN	101,750	0.461
24	CHOY WEE CHIAP	101,600	0.461
25	RAJAN A/L KARUNAKARAN	99,000	0.449
26	TAN KIM SIW	85,700	0.389
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI SHIH CHAU	80,000	0.363
28	ANG POON SHEN	74,836	0.339
29	TEH BOON YEN	71,113	0.322
30	SIVALINGAM A/L VELUPPILLAI	70,000	0.317
TOTAL:		16,521,246	74.915



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting (“AGM”) of shareholders of the Thong Guan Industries Berhad (“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 Thursday, 28 June 2018 at 11:00 am to transact the following business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of Directors and Auditors thereon.
2. To approve a final single tier dividend of 8 sen per ordinary share for the financial year ended 31 December 2017. Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 63 of the Company’s Articles of Association (Constitution):-
 - (a) Dato’ Ang Poon Khim Ordinary Resolution 2
 - (b) Datuk Ang Poon Seong Ordinary Resolution 3
 - (c) Mr Chow Hon Piew Ordinary Resolution 4
4. To approve the Fees and Benefits payable of up to an aggregate amount of RM700,000 for the period commencing this AGM through to the next AGM of the Company in 2019. Ordinary Resolution 5
5. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 6

AS SPECIAL BUSINESS, to consider and if thought fit, to pass with or without any modification, the following Resolutions:-

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

“THAT subject always to the Companies Act 2016 (“Act”), the Articles of Association (Constitution) of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 76 of the Act to issue and allot shares in the Company to such persons, at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.”

7. **Proposed Renewal of Authority to Buy Back Its Own Shares by the Company** Ordinary Resolution 8

“THAT subject always to the Companies Act 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Articles of Association (Constitution) of the Company and the Main Market Listing Requirements of 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 shares 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 shares of the Company for the time being (“TGI Shares”);
- 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 RM21.25 million of the Company as at 31 December 2017;
- 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 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 Main Market Listing Requirements of the Bursa Securities or any other relevant authorities;

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

- 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."

8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions

Ordinary Resolution 9

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 30 April 2018 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:

- (a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to the final single tier dividend of 8 sen per ordinary share only in respect of:

- a) Shares transferred into the depositor's securities account before 4.00 pm on 08 August 2018 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad ("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 28 August 2018 to depositors registered in the Records of Depositors at the close of business on 08 August 2018.

NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

By Order of the Board

ONG TZE-EN (MAICSA 7026537)
LAU YOKE LENG (MAICSA 7034778)
Joint Company Secretaries
Penang, 30 April 2018

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 shareholdings 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 it 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, at 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 20 June 2018 (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 5, 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 payable will be paid to the Directors upon completion of service by the said Directors. The Benefits comprise of Chairman allowance, meeting allowance and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next AGM of the Company.
2. The Proposed Ordinary Resolution 7, 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 shares /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 AGM.

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 AGM held on 30 May 2017 and which will lapse at the conclusion of the Twenty-Third AGM.

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.

3. The Proposed Ordinary Resolution 8, if passed, will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 13,629,270 shares representing 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

4. The Proposed Ordinary Resolution 9, 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 Main Market Listing Requirements of the Bursa Securities. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM 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.

THONG GUAN INDUSTRIES BERHAD (324203-K)

23RD Annual General Meeting

Administrative Details

Day and Date	Thursday, 28 June 2018
Time	11.00 am
Venue	Amber Hall, 1 st 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 National Registration Identity Card (NRIC) or Passport to the registration staff for verification. Please make sure your NRIC is returned to you after registration.
3. Upon verification, you are required to write your name and sign on the Attendance List.
4. A polling slip will be given to you. No one will be allowed to enter the meeting room without the polling slip. There will be no replacement should you lose or misplace the polling slip.
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.

COMPANY OVERVIEW/UPDATE

8. A briefing on the company's business updates 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 forty-eight (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 23rd Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 20 June 2018 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

REFRESHMENT

14. Lunch shall be served after the meeting.

ANNUAL REPORT 2017

15. The Company Annual Report 2017 is available on the Company's website at www.thongguan.com and Bursa Malaysia Securities Berhad' website at www.bursamalaysia.com.

AGM ENQUIRY

16. For any enquiry prior to the 23rd 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

PROXY FORM



**THONG GUAN
INDUSTRIES BERHAD**
(324203-K)

No. of shares held

CDS Account No.

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 ("Company") hereby appoint

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

* and/or

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-THIRD 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 Thursday, 28 June 2018 at 11:00 am 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
FOR									
AGAINST									

* Strike out whichever is not desired.

Signed this _____ day of _____ 2018

Signature of Shareholder(s)/Common Seal

Notes:

Appointment of Proxy

- 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 shareholdings to be represented by each proxy.
- 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.
- 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 it 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.
- 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.
- For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, at 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.
- In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 20 June 2018 (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, Malaysia.

Please fold across the lines and close

CELEBRATED OUR



THONG GUAN INDUSTRIES BERHAD (324203-K)

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

Tel : +604-4417 888 Fax : +604-4419 888

www.thongguan.com