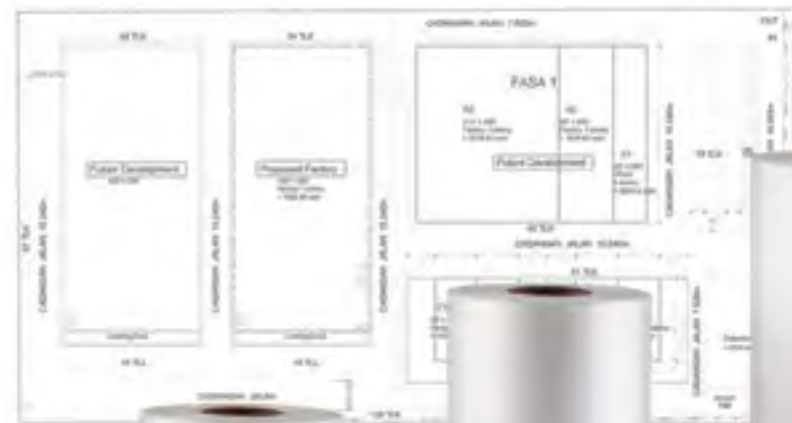
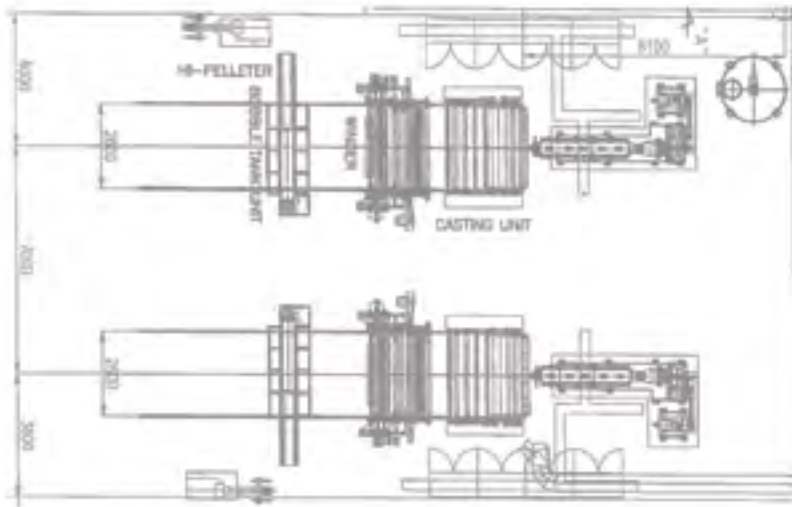
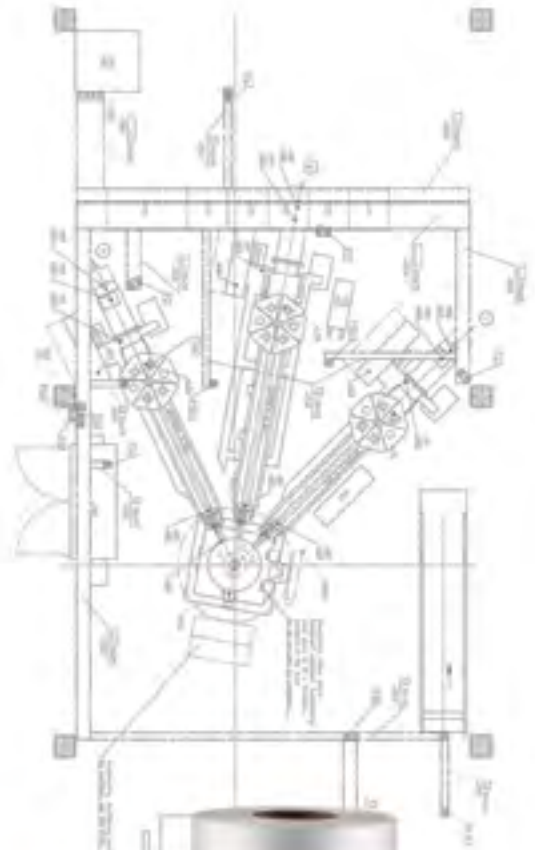




**THONG GUAN
INDUSTRIES BERHAD**
(324203-K)



ACCELERATING GROWTH

Annual Report 2018

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ACCELERATING GROWTH

Stretching its capability, Thong Guan Industries Berhad has grown to be one of the largest plastic packaging manufacturers in Malaysia. We believe that it is possible to preserve the environment and natural resources for the future concurrently with our drive for profitability. We are, through commissioning of nano-technology and educating our customers and end users, expanding to be more than just what and where we are now.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

*(Chairman)
Independent
Non-Executive Director*

Dato' Ang Poon Chuan
Managing Director

Dato' Ang Poon Khim
Executive Director

Datuk Ang Poon Seong
Executive Director

Ang See Ming
Executive Director

Dato' Kang Pang Kiang
*Independent
Non-Executive Director*

Chow Hon Piew
*Independent
Non-Executive Director*

**Tengku Muzzammil Bin
Tengku Makram**
*Independent
Non-Executive Director*

REGISTERED OFFICE

170-09-01 Livingston Tower, Jalan Argyll,
10050 George Town, 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)

AUDITORS

KPMG PLT
LLP0010081-LCA & AF0758
Chartered Accountants
Level 18, Hunza Tower,
163E Jalan Kelawei, 10250 Penang

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

AUDIT COMMITTEE

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

NOMINATING COMMITTEE

Chow Hon Piew (Chairman)
Dato' Kang Pang Kiang

REMUNERATION COMMITTEE

Dato' Kang Pang Kiang (Chairman)
Chow Hon Piew

STOCKING EXCHANGE LISTING

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

GROUP STRUCTURE AND PRINCIPAL ACTIVITIES



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

Since 1942

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

100%

**THONG GUAN PLASTIC & PAPER
INDUSTRIES SDN. BHD.** (73976-V)
Manufacturing and trading of plastic products.

100%

**TG PLASTIC TECHNOLOGIES
SDN. BHD.** (537672-V)
Manufacturing and trading of plastic packaging products.

51%

**TGW PLASTIC PACKAGING
SDN. BHD.** (1290410-D)
Manufacturing and trading of plastic packaging products.

100%

TGP MARKETING SDN. BHD.
(531508-T)
Marketing of plastic packaging products.

100%

**SYARIKAT THONG GUAN
TRADING SDN. BHD.** (29442-K)
Manufacturing and trading of food and beverages products.

60%

**EVERPROSPER FOOD INDUSTRIES
SDN. BHD.** (384539-H)
Manufacturing and trading of noodle products.

100%

**EVERPROSPER MARKETING
SDN. BHD.** (524293-A)
Dormant.

49%

**THONG GUAN TRADING (THAILAND)
COMPANY LIMITED*****
Manufacturing and trading of food and beverage products.

100%

**THONG GUAN PLASTIC
INDUSTRIES (SUZHOU) CO., LTD.***
Manufacturing and trading of plastic packaging products.

100%

**TGP PLASPACK (SUZHOU)
CO., LTD.***
Manufacturing and trading of plastic packaging products.

100%

**UNIANG PLASTIC INDUSTRIES
(SABAH) SDN. BHD.** (57039-H)
Manufacturing and sale of film blown plastic products and flexible plastic packaging products.

100%

**JAYA UNI'ANG (SABAH)
SDN. BHD.** (96114-P)
Trading in film blown plastic products, food and consumable products.

100%

**TG UNI'ANG (SHANGHAI)
INTERNATIONAL TRADE CO., LTD. ***
Dormant.

100%

888 FOOD INDUSTRIES SDN. BHD.
(1061196-H)
Dormant.

100%

**NEWTON RESEARCH &
DEVELOPMENT CENTRE
SDN. BHD.** (1123943-X)
Research and development centre for plastic packaging industry.

100%

**TG PLASPACK (VIETNAM)
CO., LTD.****
Dormant.

85%

TG POWER WRAP SDN. BHD.
(926857-K)
Manufacturing and marketing of polyvinyl chloride (PVC) cling food wrap.

70%

**TGSH PLASTIC INDUSTRIES
SDN. BHD.** (679305-X)
Manufacturing and marketing of plastic packaging products.

80%

888 CAFE SDN. BHD. (635778-D)
Operation of food and beverage outlet.

Note:

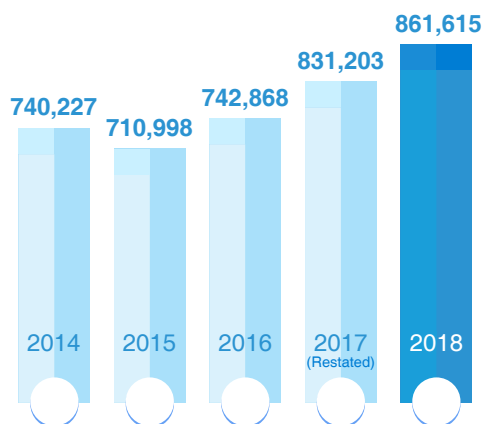
* Incorporated in the People's Republic of China

** Incorporated in the Socialist Republic of Vietnam

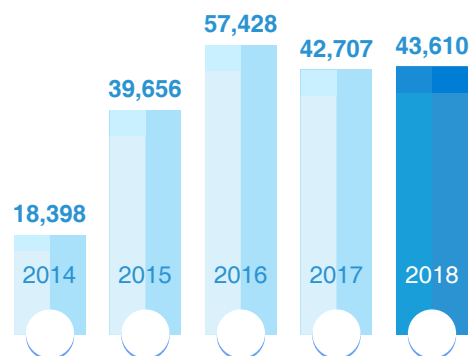
*** Incorporated in Kingdom of Thailand

FINANCIAL HIGHLIGHTS AND INDICATORS

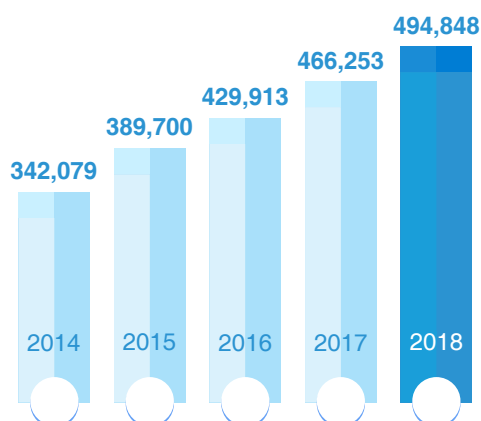
REVENUE
(RM'000)



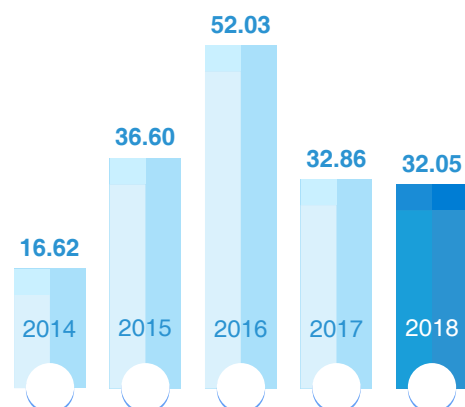
PROFIT AFTER TAX
(RM'000)



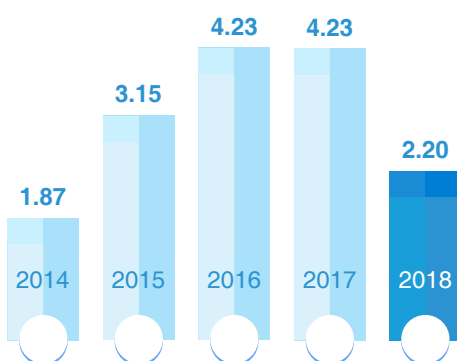
SHAREHOLDERS' EQUITY
(RM'000)



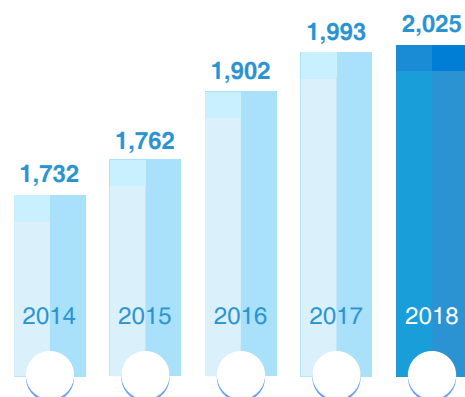
EARNINGS PER SHARE
(SEN)



**SHARE PRICE AS AT FINANCIAL
YEAR END (RM)**



HUMAN CAPITAL
(HEADCOUNT)



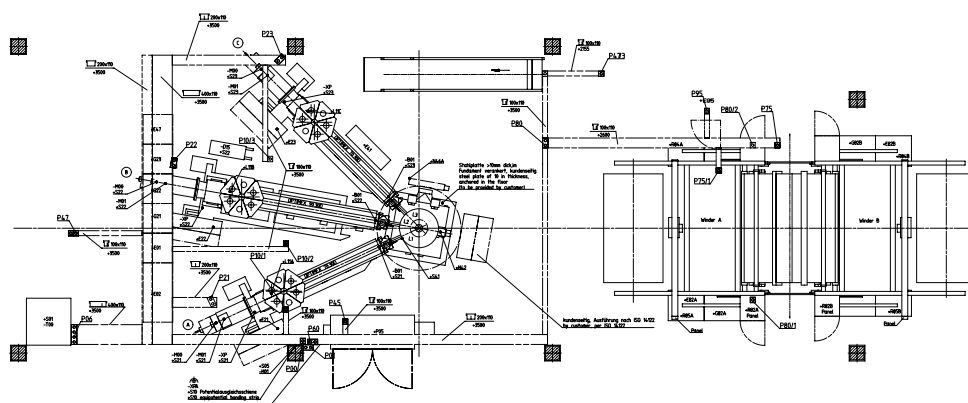
FINANCIAL HIGHLIGHTS AND INDICATORS *(Cont'd)*



In RM '000	2014	2015	2016	2017	2018
Revenue	740,227	710,998	742,868	831,203*	861,615
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	38,314	64,234	86,230	70,841	76,156
Profit Before Taxation	18,819	43,125	68,144	50,682	51,972
Profit After Tax	18,398	39,656	57,428	42,707	43,610
Net Profit Attributable to Equity Holders	17,483	38,510	55,854	41,897	43,682
Total Assets	547,736	538,428	619,811	685,451	739,312
Total Borrowings	96,883	51,592	56,740	75,693	126,926
Shareholders' Equity	342,079	389,700	429,913	466,253	494,848

*Restated

	2014	2015	2016	2017	2018
Return on Equity (%)	5.11	9.88	12.99	9.16	8.81
Return on Total Assets (%)	3.36	7.37	9.27	6.23	5.90
Gearing Ratio (Times)	0.28	0.13	0.13	0.16	0.26
Interest Cover (Times)	17.42	33.42	50.85	28.41	15.92
Earnings Per Share (Sen)	16.62	36.60	52.03	32.86	32.05
Net Assets Per Share (Sen)	325.13	370.40	363.39	344.70	362.70
Gross Dividend Per Share (Sen)	7.00	9.00	12.00	8.00	8.00
Price Earning (PE) Multiple (Times)	11.25	8.61	8.13	12.87	6.86
Gross Dividend Yield (%)	3.74	2.86	2.84	1.89	3.64
Share Price as at financial year end (RM)	1.87	3.15	4.23	4.23	2.20



MANAGEMENT DISCUSSION AND ANALYSIS

Thong Guan Industries Berhad (“the Group” or “Thong Guan” or “TGI”) continues its top line growth for the financial year ended 31 December 2018 (“FY2018”) 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 RM861.6 million representing a growth of 3.7% over the previous financial year.

	31.12.2018 RM'000	31.12.2017 RM'000	Variance RM'000	Variance %
Revenue				
Plastic products	802,418	772,350	30,068	3.9
Food, beverage and other consumable product	56,621	55,786	835	1.5
Others	2,576	3,067	(491)	(16.0)
Group	861,615	831,203*	30,412	3.7
Profit before tax				
Plastic products	55,651	53,774	1,877	3.5
Food, beverage and other consumable product	(5,745)	(2,226)	(3,519)	158.1
Others	2,066	(866)	2,932	(338.6)
Group	51,972	50,682	1,290	2.5

* Restated

For FY2018, the increase in revenue was contributed by improved sales from both plastic as well as food, beverage and other consumable products (“F&B”) business divisions. Our plastic products’ revenue increased from RM772.3 million to RM802.4 million, representing a growth of 3.9%. This improvement was driven by higher export sales of our stretch film, industrial bags and PVC food wrap business segment. The stretch film division’s revenue increased by RM10.0 million to RM378 million compared to RM368 million for the financial year ended 31 December 2017 (“FY2017”). For the industrial bags division, we recorded an increase of RM9.0 million to RM135.0 million compared to RM126 million in FY2017. As for the PVC food wrap division, we also reported an increase of RM9.0 million to RM75 million compared to RM66 million in FY2017. The Group’s F&B business division reported a higher revenue of RM56.6 million as compared to RM55.8 million in FY2017. This translates into a 1.5% year on year (“YoY”) growth which was mainly contributed from the increase of our local sales.

For FY2018, our profit before taxation (“PBT”) also recorded a growth to RM51.9 million compared to RM50.7 million in FY2017. This was correlated with the increase of sale of stretch film, industrial bag and PVC food wrap. As for the F&B business division, despite the increase in revenue, the Group recorded a dip in PBT as well, which was due to the operating losses and impairment losses from our restaurant and organic noodles manufacturing business.

FINANCIAL POSITION

Assets

Total assets grew 7.8% to RM739.3 million as at 31 December 2018 from RM685.5 million the year before. The increase of the total assets is mainly contributed by the increase of property, plant and equipment amounting RM47.2 million. The Group has total cash and cash equivalents of RM169.6 million as at 31 December 2018 that can be utilised for our strategic expansion plans.

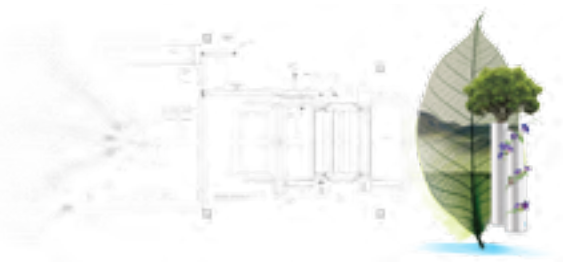
Liabilities

Total liabilities increased by 12.1% to RM234.7 million as at 31 December 2018 from 209.3 million the year before. This was mainly due to the increase of loans and borrowings.

Equity

Total equity increased by 6.0% to RM504.6 million as at 31 December 2018 from RM476.1 million the year before, mainly attributable to profits made in FY2018 which was offset by dividends paid to shareholders. The conversion of ICULS and warrants were also a reason for the increase in total equity.

MANAGEMENT DISCUSSION AND ANALYSIS *(Cont'd)*



SHARE CAPITAL AND EARNING PER SHARE (“EPS”)

Share Capital

The number of issued shares increased to 136.4 million as at 31 December 2018 due to the conversion of ICULS and warrants during the FY2018.

EPS

FY2018 basic EPS was 32.05 sen while diluted EPS was 25.88 sen, taking into account potential dilution from ICULS and warrants.

CASH FLOWS

Cash from operating activities

Net cash from operating activities was RM24.9 million in FY2018 compared with RM45.7 million in FY2017. This was due to the payment to suppliers and increase in inventories in FY2018 as compared to FY2017.

Cash used in investing activities

Net cash used in investing activities was RM43.6 million in FY2018 as compared to RM64.6million in FY2017. The net cash outflow was mainly due to acquisition of property, plant and equipment amounting to RM47.2 million compared to the previous financial year of RM67.5 million.

Cash from financing activities

Net cash from financing activities was RM32.6 million in FY2018 as compared to RM23.9 million in FY2017. This was mainly due to the higher bank borrowings drawdown in FY2018 compared to FY2017.

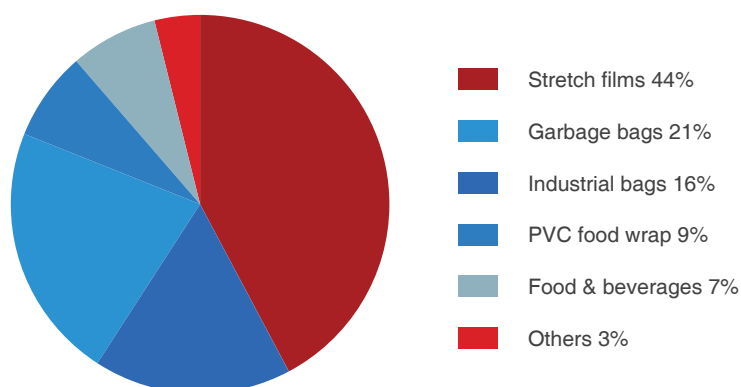


Figure 1: Sales Mix for FY2018

Plastic Division

The Group's plastic products comprise of four main categories which are stretch films, garbage bags, industrial bags and PVC food wraps. The revenue contribution from each category are 44%, 21%, 16% and 9% respectively. There has not been any significant changes in term of sales mix as compared to FY2017.

During financial year 2018, the Group has installed a new 55-layered Nano technology stretch film production line which fully commissioned in early January of 2019. The new production line will contribute an additional 12,000 MT per annum to the total annual production capacity.

For the PVC food wrap division, to date the Group has commissioned 10 production lines with annual capacity of 12,000MT. For the financial year ending 31 December 2019 (“FY2019”), the Group will continue to grow this product segment with an expected addition of two new production lines. This will further increase our production capacity by 2,400 MT per annum. In this aspect, this fulfils the Group's aspirations to continue growing 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 division, our sales has remained stable for the year under review. To date, we are one of the major suppliers of garbage bags to Japan and we intend to maintain our position whilst complying with the stringent standards set by our Japanese customers. For the coming years, the Group remains cautiously optimistic for a sustainable growth in this product segment.

MANAGEMENT DISCUSSION AND ANALYSIS *(Cont'd)*

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 remained 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 weaker consumer spending 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 significantly towards the revenue of the Group. However, for FY2019, the Group is optimistic that we will be able to grow the noodle product's revenue.

The Group had ceased operation of restaurant business.

Dividend

The Group remains grateful to our shareholders and we have been faithfully declaring dividends every year despite not having a dividend policy. On 28 August 2018, the Group paid a final single tier ordinary dividend of 8 sen per ordinary share, with a total dividend pay-out of RM10.9 million in respect of FY2017. The Board also recommended a final single tier dividend of 8 sen per ordinary share for FY2018 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 detachable warrants. The ICULS may be converted into new Thong Guan shares on any market day from its second anniversary date which was on 10 October 2016. As at 2nd April 2019, a total of 27,167,678 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 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 52
Male
Malaysian

DYTM Tengku Sarafudin was appointed as the Independent Non-Executive Director and Chairman on 25 August 2016.

DYTM Tengku Sarafudin graduated with a Bachelor of Laws Degree from Brunel University, London, United Kingdom and received his Barrister at law from the Inner Temple, United Kingdom. He started his career at Sime Darby Berhad in 1992 and was attached to the Corporate Planning and Legal Department and then to 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., a financial advisory company where 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. DYTM Tengku Sarafudin was proclaimed as the Crown Prince of Kedah on 26 November 2017. He was proclaimed as the Pro Chancellor 1 of Universiti Utara Malaysia in November 2018, as Pro Chancellor of Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah and as Chancellor of Management & Science University, both in February 2019.

He 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 and does not hold any other directorship in public companies. He had not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

aged 75
Male
Malaysian

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

He completed his MCE prior to joining Thong Guan Industries Berhad ("TGI") 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 wholly-owned subsidiaries of TGI) in 1983. During his 54 years of service, he has gained extensive knowledge of the plastic, paper, food, beverages and trading business. His invaluable business acumen and foresight has shaped and build TGI to its present stature. He is a well-respected figure in the plastic industry and was the former President of the Malaysian Plastic 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.



Dato' Ang Poon Chuan

PROFILE OF DIRECTORS *(Cont'd)*



Dato' Ang Poon Khim

aged 65
Male
Malaysian

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

He obtained a Bachelor of Science (Hons) 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 product development in TGI. He is presently the Executive Director and is responsible for overseeing production and sales functions of TGI.

He 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

aged 63
Male
Malaysian

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

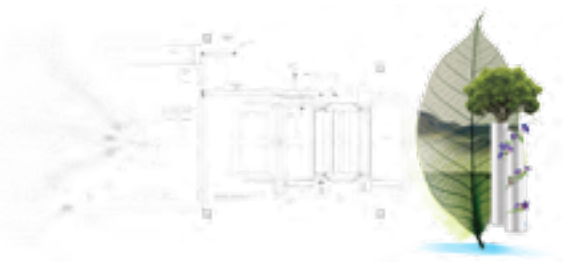
He is the Managing Director of Jaya Uni'ang (Sabah) Sdn. Bhd. and Uniang Plastic Industries (Sabah) Sdn. Bhd., both wholly-owned subsidiaries of TGI. He completed his MCE and joined Thong Guan as a Marketing Executive in 1976 and was tasked to spearhead the Company's expansion in Sabah in 1980. Under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

He attended all of 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.



Datuk Ang Poon Seong

PROFILE OF DIRECTORS *(Cont'd)*



Mr. Ang See Ming

aged 49
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 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 had not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

aged 65
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 attended all of 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.



Mr. Chow Hon Piew

PROFILE OF DIRECTORS *(Cont'd)*



Dato' Kang Pang Kiang

aged 47
Male
Malaysian

He was appointed as an Independent Non-Executive Director on 30 August 2013.

He obtained his Double degrees in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand. He is Chartered Accountant of Malaysian Institute of Accountants (MIA) and Associate Chartered Accountant (ACA) of Chartered Accountant Association, New Zealand. He is the Group Chief Executive Officer/ Executive Director of EG Industries Berhad, a company listed on the main market of the Bursa Malaysia Securities Berhad. He started his career with Ernst & Young where he gained extensive experience in providing audit, tax consultation and business advisory services. He joined EG Industries Group in 1999 with more than 15 years of experience in financial management, corporate restructuring exercises, financial planning, compliance and reporting, risk management and investor relations. He is awarded with PJK Medal in year 2012 and Datoship on 18 August 2018 for his achievements and societal contributions. He had also secured two awards from the Malaysian Investor Relations Association (MIRA) as the Best Chief Executive Officer and Best Investor Relations Professional under the Micro-cap category of "The Investor Relations Awards 2015". The awards honour excellent performers in the field of Investor Relations by both professionals and listed entities in Malaysia. He was also conferred a Datoship on 18 August 2018 for his achievements and societal contributions.

He serves as the Chairman of the Remuneration Committee and is a member of the Audit Committee and Nominating Committee. He has attended three 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

aged 45
Male
Malaysian

He was appointed as an Independent Non-Executive Director on 25 August 2016.

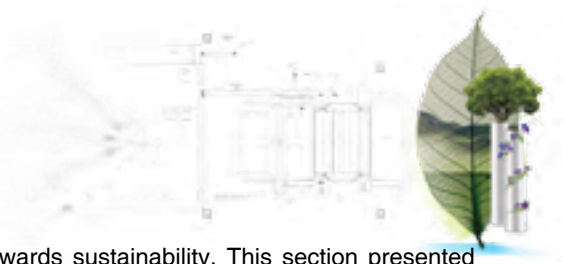
He graduated with a Diploma in Business Studies and Diploma in Marketing from Stamford Group of Colleges. He started his career at Pembinaan Jayabumi (S) Sdn. Bhd. in 1996 as Marketing Executive. Thereafter, in 1997, he assumed the role as Special Project Executive in FACB Berhad. In 1998, he joined 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 specializes in the provision of medical supplies to government hospital.

He serves as the member of the Audit Committee. He attended all of 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 not been convicted for any offences (other than traffic offence if any) within the past 5 years and have not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.



**Tengku Muzzammil
Bin Tengku Makram**

SUSTAINABILITY STATEMENT



This is the second year Thong Guan Industries Berhad reports on its efforts towards sustainability. This section presented the progress we incorporate sustainability measurements into our business operations and activities. We understand that the embrace of sustainability is a consistent and long journey. We will focus on the concerns of all stakeholders' economic interest, environment interest and social interest to ensure a sustainability governance is in place.

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 packaging products 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 economic, environmental 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.

Reporting Scope

Thong Guan is committed to the provisions of Main Market Listing Requirements of Bursa Malaysia on reviewing, updating and reporting our sustainability performance on an annual basis.

At this stage, the Group is 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 in the three key areas of Economic, Environment and Social. 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.

The reporting during the year in review covers the Group's operations in Malaysia. Our reporting is in line with the guidelines of Bursa Malaysia Sustainability Reporting Framework.

Sustainability Governance

Our sustainability framework is led from the top and the responsibilities played by each level of our organisation.

- Board Of Directors
 - Review the Group's sustainability matters and ensure business strategy considers sustainability.
 - Provide advice and direction of sustainability in the Group when necessary.
 - Approves sustainability strategies and reports.
- Management
 - Responsible for assessing and identifying material sustainability factors.
 - Develop sustainability strategy and recommendation and regular revision is in place.
 - Undertake actions necessary to address sustainability concerns.
 - Oversees operating divisions in ensuring robustness of system of sustainability management.
- Operating Divisions
 - Supports strategy implementation develop by the management to ensure sustainability objective is achieved.
 - Ensures sustainability processes and controls are in place within its departments/functions.
 - To review and feedback on all measurements for improvement.

SUSTAINABILITY STATEMENT *(Cont'd)*

Stakeholder Engagement

Stakeholder engagement is a key element to ensure businesses are continue relevant and value added. The table below show the engagement activities that has been carried out during financial year 2018.

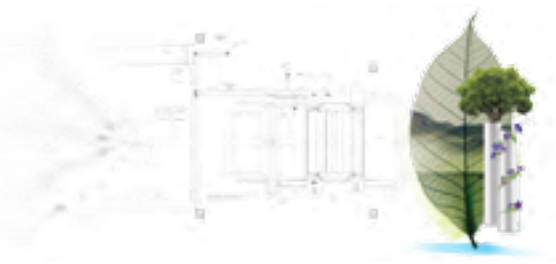
Stakeholders	Areas of Interest	Method/Frequency
Shareholders	<ul style="list-style-type: none"> • Profitability • Dividend • Business directions 	<ul style="list-style-type: none"> • Annual General Meetings • Company website • Annual Reports • Press release
Customers, Suppliers and Business Partners	<ul style="list-style-type: none"> • Product and service quality • Timely delivery & consistency in supply • Credit worthiness • Value added products 	<ul style="list-style-type: none"> • Customer satisfaction survey/supplier evaluation • Customer service and communication • Trade fairs and frequent site visits
Employees	<ul style="list-style-type: none"> • Career & learning path • Employee welfare and benefits • Health and safety in work place 	<ul style="list-style-type: none"> • Communications through counselling and memo circulation • Continuous improvement of workplace • Bi-annually performance appraisal • Trainings and workshops • Employee events including outing and annual dinner
Regulators / Government / Authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations 	<ul style="list-style-type: none"> • Compliance and certification exercises including site visits and audits by authorities/certification body
Local Community	<ul style="list-style-type: none"> • Corporate social responsibility 	<ul style="list-style-type: none"> • Educational site visits • Sponsoring sports and educational programmes • Community outreach programmes

Materiality Assessment

Materiality assessment is conducted to identify and prioritise the economic, environment and social topics that may potentially impact Thong Guan's business and its stakeholders. The process includes-

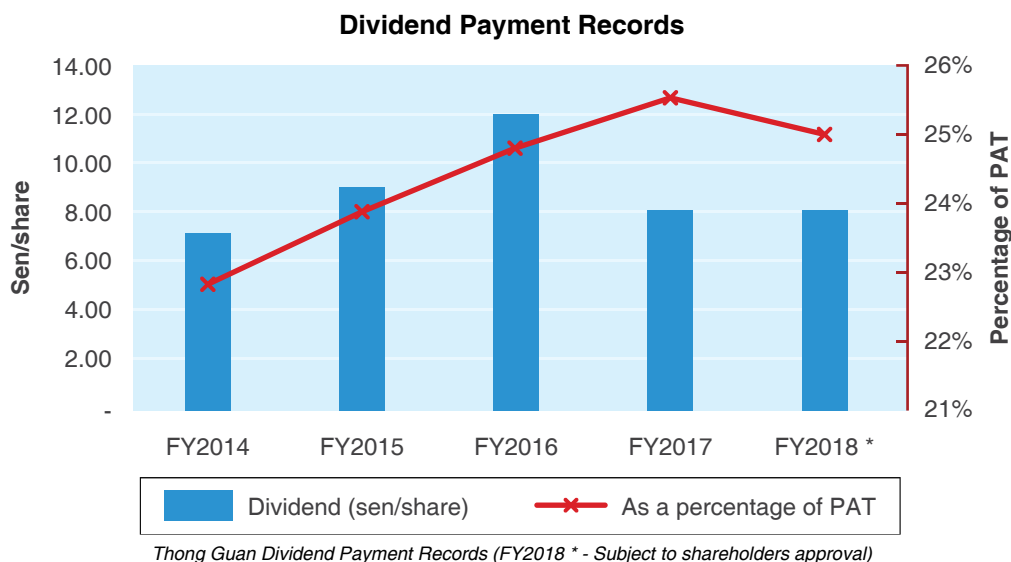
- Identification
 - To identify material sustainability issues across our Group by convening the response from internal and external sources.
- Priority
 - Priority will be set after considering interests of internal and external stakeholders;
 - Areas that may affect financial positions and business growth; and
 - Significance of the economic, environmental and social impact.
- Periodic Review
 - The management team and the Board of Directors will perform periodic reviews and oversee the planning and implementation of sustainability practices
 - As sustainability matters is a new conceptual matter for most of the management team, moving forward, the Group will further improve its implementation and monitoring process on sustainability initiatives.

SUSTAINABILITY STATEMENT *(Cont'd)*



Sustainability Matters of Economic Interest

Thong Guan is striving to achieve a sustainable financial performance and fulfil our obligation to our shareholders. As a listed company, we generate returns to our shareholders in two ways: dividends and capital appreciation. We understand this is highly dependent on the company's financial performance. Hence, we are committed to upholding integrity to preserve shareholders' interest and putting efforts to growth the business to achieve our double up mission.



We are also continuing our effort to maintain high standards of corporate ethics and strict compliance with laws and regulations in sustaining our business. The Board of Directors is guided by a Board Charter and Code of Ethics and has adopted a Sustainability/ Environment, Social and Governance (ESG) policy, Whistleblowing policy and Corporate Disclosure Policy.

Sustainability Matters of Social Interest

Our effort to develop sustainability in the Social aspect include both internal employees and surrounding communities.

• Workforce

The Group is an equal opportunity employer that promote inclusivity in the workplace. We provide an inclusive work culture that supports diverse talents who contribute positively to the growth and productivity in line with the Group's vision and mission. Employees are always an asset to the Group, and we are committed to the welfare and wellbeing of our employees. We always provide our employees with a safe, secure and conducive working environment. We are also putting in efforts on nurturing talent and provide opportunities for career advancement.

The Group complies with all employment regulations and guidelines set out by the Malaysian Government and relevant bodies:

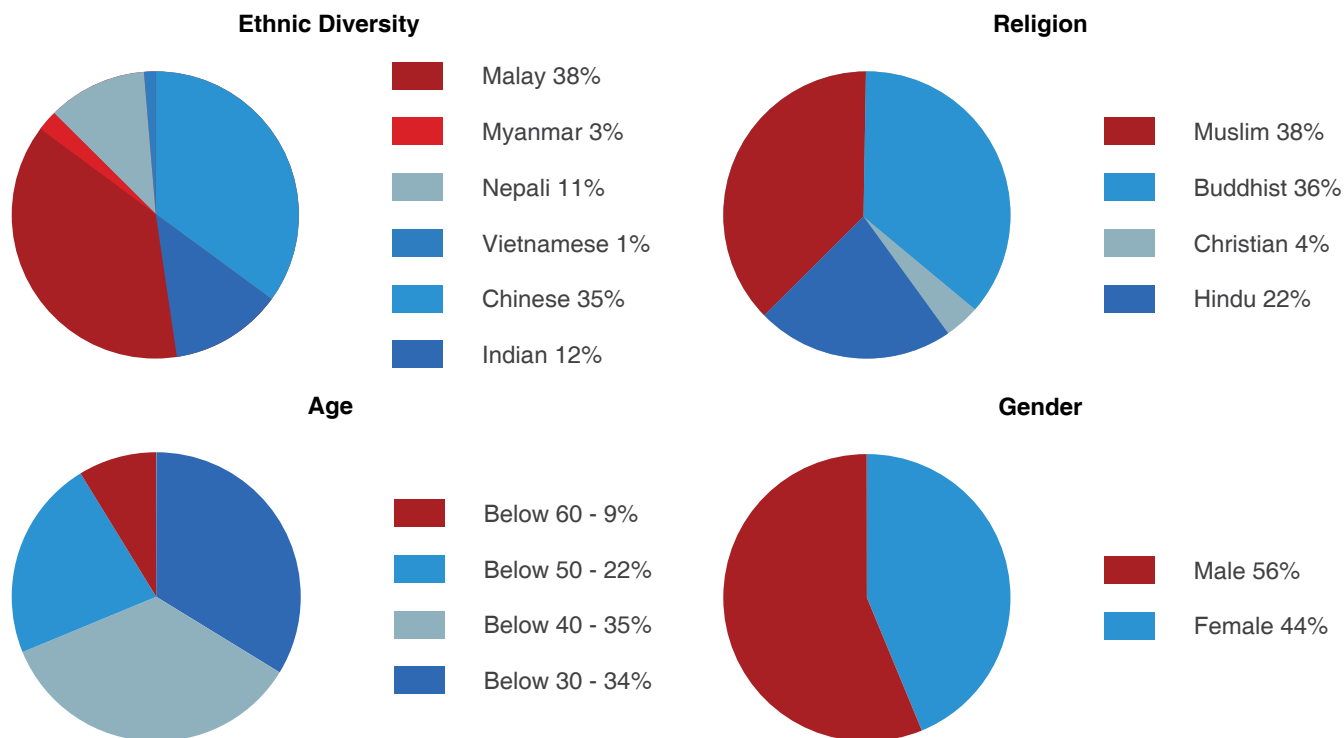
- Established policies for the Group that supports no child labour, no forced labour, no discrimination and fair labour practices within the Group.
- Established Whistleblowing Policy, No Gift Policy for the Group which provides an avenue and proper channel for stakeholders to voice legitimate concerns. This is the Group's aspiration to conduct its business and operation with high integrity and transparency.
- We comply and respect the right to minimum wage for all our employees in Malaysia and China and comply with the requirements on paying overtime rates as well as working excessive hours.
- We promote gender equality and staffs are promoted strictly based on merit without discriminating gender, age, race, or religion.
- The Group has conducted internship program and recruited 27 students in Year 2018.
- The Group is currently employing 6 handicapped employees.

SUSTAINABILITY STATEMENT *(Cont'd)*

Sustainability Matters of Social Interest *(Cont'd)*

- Workforce *(Cont'd)*

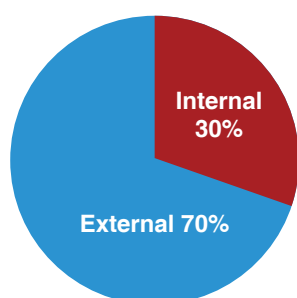
Staff promotion analysis chart in Year 2018



- Trainings

On the employee retention and talent development efforts, the Group has a plan to send its employees to attend internal and external training programmes to enhance and improve their knowledge. We understand knowledge improvement of the employees is an utmost important path in their career advancement and skill upgrading for job performance and productivity.

Training Programme Conducted for Year 2018

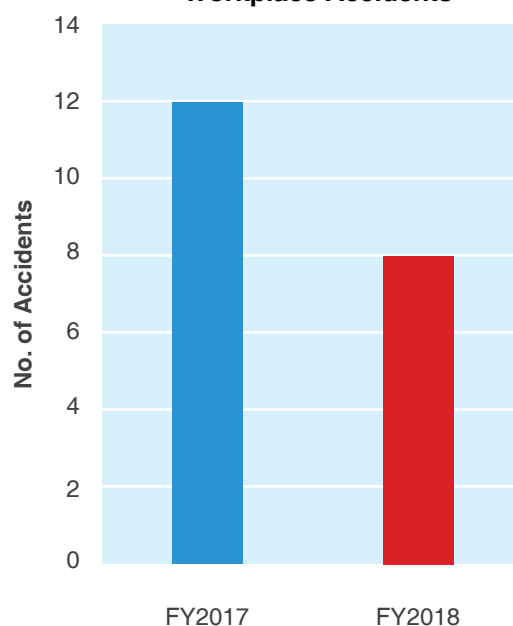


The Group is certified with OHSAS 18001 Occupational Health and Safety standard. We place important on occupational health, safety and wellbeing of our employees. We ensure adequate insurance and hospitalisation coverage for all workforce and executives. Our employees are covered for Hospitalisation & surgical policy, personal Accident policy and group term life policy.

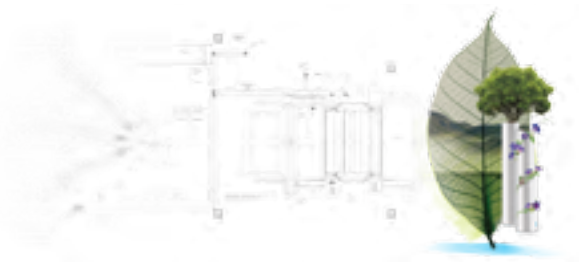
- OSH activities:

The Group has conducted several OSH activities during the year and we have successfully reduced the workplace accident by 33.33%.

Workplace Accidents



SUSTAINABILITY STATEMENT *(Cont'd)*



The list of Activities conducted in Year 2018

QMS	Total Productive Maintenance Failure Mode and Effect Analysis (FMEA) 7 QC Tools and Quality Control Circle (QCC) Awareness Training for ISO QMS,OHSAS & EMS HALAL Training Internal Auditor Training
EMS	Scheduled Waste Management Chemical Spillage & Handling Hearing Conservation for Workplace High Noise Area
OHSA	First Aid & CPR Occupational Safety & Health Management Forklift SAFETY HANDLING Hazard Identification, Risk Assessment and Risk Control Fire Prevention & Fire Fighting Basic Occupational Safety & Industrial Accidents

As the staff safety is always our main concern, we have conducted the following prevention plan to reduce the workplace accident in future:

- Following the HSE rule and practice in place.
- Regularly check on safety equipment.
- Communicate people with potential risk in workplace.
- Wear appropriate Personal Protective Equipment.
- Reporting all related incident to the safety and health officer and supervisor.
- Reporting any near miss & unsafe condition to the safety and health officer and supervisor.
- Directing people to safety training courses.

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.



SUSTAINABILITY STATEMENT *(Cont'd)*

Sustainability Matters of Social Interest (Cont'd)

- *Customers*

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 BRC global safety standard, Hazard Analysis, Critical Control Point ("HACCP"), MeSTI and GMP which is administered by the Ministry of Health ("MOH"). Our products also granted the certification of HALAL and NASAA certified Organic. The process of certification includes adequacy, compliance and follow up audits by appointed certified auditors.

- *Communities*

The Group also believes in giving back to the community through participating in CSR activities. During the financial year ended 2018, Thong Guan has demonstrated our commitment towards combating marine litter by cleaning up Monkey Beach in Penang. The clean up programme, named #PullingOurWeight, held in conjunction with International Coastal Cleanup Day.

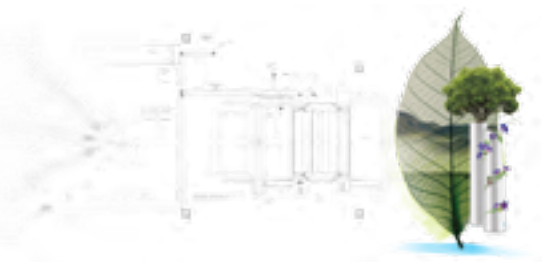
The programme was sponsored by Thong Guan and Dow, facilitated by MPMA and resulted in more than 700 kg of waste collected. The waste was made up of plastic bottles which was the most litter item collected, followed by aluminium and plastic food container.

In addition to littering, the lack of available trash bins and infrequent trash pickup all play a role in contributing to marine debris. That is why as part of the cleanup, 24 waste bins were donated and installed to prevent more waste from entering in the environment.

During Year 2018, the Group has also contributed to the various social bodies and schools for their charitable or sports activities include St John Ambulance Malaysia, Persatuan Ping Pong Amatur Kedah Tengah, Lions Club and others.



SUSTAINABILITY STATEMENT *(Cont'd)*



Sustainability Matters of Environmental Interest

Thong Guan is an organization seeking to comply with environmental regulations and enhance corporate environmental responsibility efforts. With this objective in our sustainability efforts on environment matters, we are certified with ISO 14001 many years back. ISO 14001 is most widely used standard for Environmental Management Systems internationally. By implementing the standard, we are able to manage the environmental impacts during conducting our business activities.

Environment factor is also lead us to technology advancement in our manufacturing activities. Our nano-technology stretch film machine which is designed to be safe and efficient through a fully computerised manufacturing process is emphasis on reduction energy consumption and minimise waste. Furthermore, the Nano-technology 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 subsidiaries - 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.

We have also participated in energy savings audit with Malaysia Green Technology Corporation during the year. With the energy audit report, the Company may know the efficiencies of the energy consume from the machine and we are able to maximise the usage of the machine with minimum energy wasted during the production process.

In Year 2018, we have implemented the Green House Gas Emission (GHG) project by installed photovoltaic solar systems on the roof of our factories to generate electricity. This project generates electricity from sunlight via the solar PV system installed. Solar PV system is deemed as "emission free" system because its operation does not emit any carbon dioxide or greenhouse gas. With the implementation of this solar PV system technology, it will reduce our carbon footprint and deliver economic savings to the Group.

The photovoltaic solar system on the roof of our factories have reduce the greenhouse gas emission totalling 1,669.47 tCO₂e/yr, which equivalent to 8,347 trees offset / year. The Group will continue install two PV solar systems in Year 2019 and estimated to increase the reduction of the greenhouse gas emission by 2,090.37 tCO₂e/yr, which is equivalent to 10,451 trees offset / year.



Moving Forward

The sustainability matters on economic; environment and social impact needs consistent efforts and is a long journey. Our journey towards sustainability has started well and we will be embedded more and more sustainability efforts in every area of our operations and activities.

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

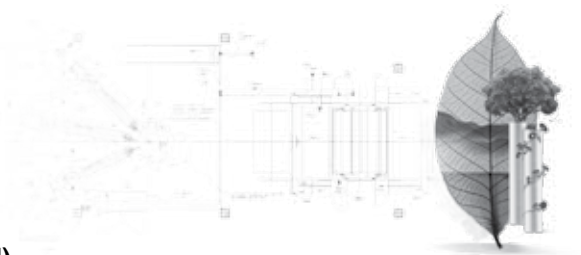
The Executive Directors are responsible for the day-to-day operational management of the Group, implementing the policies and decisions of the Board, overseeing business operations as well as coordinating the development and implementation of business and corporate strategies. On the other hand, the 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 (“IA”), 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 2018.

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 2018 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 Dato' 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.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT *(Cont'd)*

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

II. Board Composition (Cont'd)

NC (Cont'd)

Currently, the Committee consists entirely of INEDs as tabulated:

Name	Position
Chow Hon Piew	Chairman
Dato' 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.

During the financial year ended 31 December 2018, the NC met on one (1) occasion and resolved the following key activities:

- Review the current board structure, size and composition;
- Conducted the annual assessment of the Directors, Board, Board Committee and Chief Financial Officer;
- Reviewed the level of independence of INEDs;
- Reviewed the term of office and performance of AC; and
- 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.

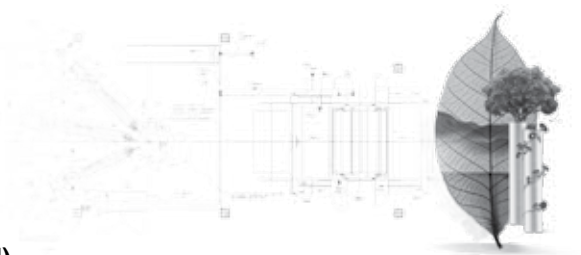
The NC met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's Annual General Meeting ("AGM"). New appointees will be considered and evaluated by the NC before recommending the candidates to be approved and appointed to the Board. The Company 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.

CORPORATE GOVERNANCE

OVERVIEW STATEMENT *(Cont'd)*



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

III. Remuneration Committee

The Remuneration Committee currently comprised the following:

Name	Position
Dato' Kang Pang Kiang	Chairman
Chow Hon Piew	Member

The RC consists of two members, whom are INEDs. 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.

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 2018 is as follows:

	Salaries (RM'000)	Bonus, Other Allowances & Benefit in Kind (RM'000)	EPF Contribution by Employer (RM'000)	Fees (RM'000)	Total (RM'000)
Company					
Executive Directors					
Dato' Ang Poon Chuan	-	-	-	30	30
Dato' Ang Poon Khim	-	-	-	30	30
Datuk Ang Poon Seong	-	-	-	30	30
Ang See Ming	104	39	15	30	188
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni					
Sultan Sallehuddin	-	155	-	30	185
Tengku Muzzammil Bin Tengku					
Makram	-	48	-	30	78
Chow Hon Piew	-	14	-	30	44
Dato' Kang Pang Kiang	-	13	-	30	43
Total	104	269	15	240	628

CORPORATE GOVERNANCE

OVERVIEW STATEMENT *(Cont'd)*

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

III. Remuneration Committee (Cont'd)

	Salaries (RM'000)	Bonus, Other Allowances & Benefit in Kind (RM'000)	EPF Contribution by Employer (RM'000)	Fees (RM'000)	Total (RM'000)
Group					
Executive Directors					
Dato' Ang Poon Chuan	819	326	68	79	1,292
Dato' Ang Poon Khim	771	313	64	79	1,227
Datuk Ang Poon Seong	276	37	34	74	421
Ang See Ming	337	101	50	57	545
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	155	-	30	185
Tengku Muzzammil Bin Tengku Makram	-	48	-	30	78
Chow Hon Piew	-	14	-	30	44
Dato' Kang Pang Kiang	-	13	-	30	43
	2,203	1007	216	409	3,835

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

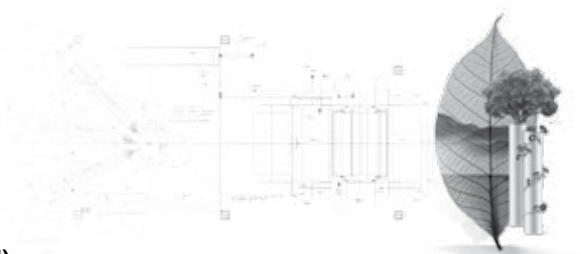
The Board acknowledged the need for transparency in the disclosure of its Senior Management's remuneration. Nonetheless, it takes the view that such disclosure might be detrimental to the Group's business interests given the highly competitive human resources environment in which the Group operates where 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)



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

IV. Foster Commitment (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	5/5	5/5	1/1	1/1
Dato' Kang Pang Kiang	3/5	3/5	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 2018 - The International Exhibition on Plastics and Rubber Industries	• Dato' Ang Poon Chuan • Dato' Ang Poon Khim • Ang See Ming
Finance, Taxation & Governance	• Industry 4.0 Consultancy and Implementation by BOSCH - Member and Clients Sharing Session • Company Act 2016 - Latest Emerging Issues for Company Directors and Officers	• Dato' Ang Poon Khim • DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin • Tengku Muzzammil Bin Tengku Makram • Chow Hon Piew • Dato' Ang Poon Chuan • Dato' Ang Poon Khim • Datuk Ang Poon Seong • Ang See Ming
	• Evolution of Future CFOs • MCCG and Bursa's Listing Requirement: Application Disclosure and Reporting Expectations	• Ang See Ming • Chow Hon Piew
Management	• CSR-Organisational Development for Paradigm	• Dato' Kang Pang Kiang

All Directors had attended the Mandatory Accreditation Program.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

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.

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.

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 an executive director 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 2018.

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.

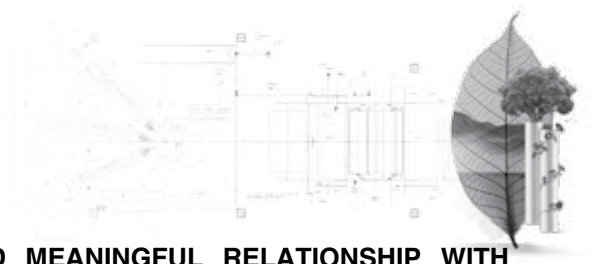
As the Group release all material information publicly through Bursa Securities, shareholders and the public in general may also obtain announcements and financial results of the Company from Bursa Securities' website at www.bursamalaysia.com.

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*



PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

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.

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 2018 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 Corporate Governance Overview Statement was approved by the Board of Directors on 25 April 2019.

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 2018 is as follows:

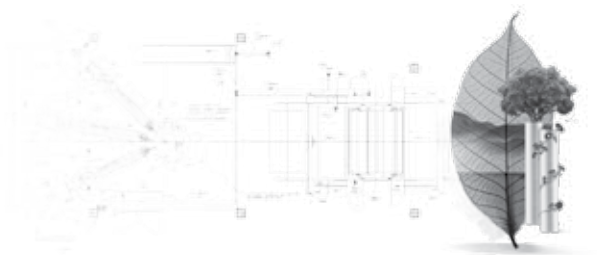
Type of Audit	Fee (RM'000)	
	Company	Group
a) Audit fee	28	250
b) Non-Audit fee	22	52

Recurrent Related Party Transaction

Detail of recurrent related party transaction made during the financial year ended 31 December 2018 pursuant to the shareholders' mandate obtained by the company at the AGM were as follow:

Nature of Transactions	Name of Company	Related Party	Interested Directors	Cumulative Value of Transactions as at 31.12.18
				RM'000
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	2,436
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	33,379
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	39,244
Purchase of snack food	JUS (Buyer)	KFI (Seller)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	4,922
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	211
Renting of factory premise at No.24 (DBKK Building No.6), District of Kota Kinabalu, Sabah.	UPI (Tenant)	KP (Landlord)	Datuk Ang Poon Seong	68
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	122
Sales of noodle products	STGT (Buyer)	EFI (Seller)	Ang See Ming	231
Purchase of beverages and plastic products	STGT (Seller)	EFI (Buyer)	Ang See Ming	5

OTHER INFORMATION *(Cont'd)*



Recurrent Related Party Transaction (Cont'd)

Nature of Transactions	Name of Company	Related Party	Interested Directors	Cumulative Value of Transactions as at 31.12.18 RM'000
Provision of temporary financial assistance	TGIB, STGT (Lender)	EFI (Borrower)	Ang See Ming	750
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kawasan Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah.	TGPT (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	502
Provision of temporary financial assistance	TGIB, TGPP, TGPM (Lender)	888 Cafe (Borrower)	Ang See Ming	200

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 Sdn. Bhd.	TGPP
Kimanis Property Sdn. Bhd.	KP	TG Plastic Technologies Sdn. Bhd.	TGPT
Syarikat Thong Guan Trading Sdn. Bhd.	STGT	Uniang Plastic Industries (Sabah) Sdn. Bhd.	UPI
		888 Cafe Sdn Bhd	888 Cafe

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 ("the Board") 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 2018.

Responsibility

The Board acknowledges its responsibility for the Group's 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, effectiveness and integrity. Due to limitations inherent in any system of internal control, the Board recognises that the system is designed to manage, rather than eliminate the risk of failure. Therefore, the system can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls and risk management.

Organisational and Reporting Structure

The Group has an organisational structure with clearly defined lines of responsibility and delegation of authority. A hierarchical reporting system is in place with appropriate authority limits, proper segregation of duties, annual budgeting, monthly reporting of variances between the actual and budgeted results for corrective action to be taken and human resource management policies. Policies and procedures to ensure compliance with risk management, internal controls and relevant laws and regulations are set out in the standard operating procedures of the individual companies.

Risk Management Framework

The Board has established a process for identifying, evaluating and managing risk through the adoption of an 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 reviews this process quarterly. The main objective of the review is to formalise 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 encompasses 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, through risk management trainings where applicable;
- To execute risk-based internal audits that are reviewed by the Audit Committee and the Board on the adequacy and integrity of the system of internal control.

Internal Audit Function

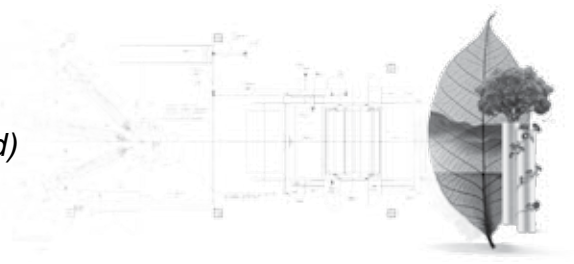
During the financial year 2018, the Group outsourced the internal audit function to PKF Advisory Sdn Bhd. The Group's Internal Auditors ("IA") report directly to the Audit Committee ("AC"). Its role is to provide the AC with reasonable assurance on the adequacy and effectiveness of the Group's internal control system through its auditing and monitoring process. At the beginning of each financial year, the IA prepares an Annual Audit Plan and presents it to the AC for approval. Subsequently at every AC meeting, the IA will present its audit findings and review them with the AC.

The activities that have been planned or carried out by the IA are as follows:

- Mapping out the current state of procedures and processes with the aim of identifying areas for improvements.
- Testing and conducting audits on identified risk areas and relevant controls.
- Report findings and irregularities (if any) to Management and AC 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 the Board.

The internal audit reports prepared by the IA arising from the audits, which include the recommendation or action plans by the management, are discussed at the AC Meetings. Follow-ups are conducted by the IA 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, set out the policies, procedures and standards of the Group's operations to be followed by all employees. The policies and procedures are reviewed and updated where applicable to maintain their effectiveness over time.
- The Board and Audit Committee review the quarterly financial results and evaluate the reasons for unusual variances noted thereof.
- The involvement of the Executive Directors, who are hands-on with 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 monthly basis.
- The Group sets out an annual budget and operational targets for every operating division. 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 operational systems that are compliant with the three (3) international standards, namely the ISO 9001-QMS, ISO14001-EMS & OHSAS 18001-Health & Safety.

Risk Management Assurance

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 system of the Group.

The Board and Management are committed towards operating a sound system of internal control which is reviewed, updated and improved upon, in line with the changes in its operating environment.

Conclusion

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 in the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

This statement was approved via a resolution of the Board dated 25 April 2019.

AUDIT COMMITTEE REPORT

Audit Committee Composition and Attendance

The Board of Directors ("Board") is pleased to present the Audit Committee report for the financial year ended 31 December 2018 ("FY2018"). The Audit Committee ("AC") currently comprises the following directors:

Directors	Position	Attendance
Chow Hon Piew	Chairman, Independent Non-Executive Director	5/5
Dato' Kang Pang Kiang	Member, Independent Non-Executive Director	3/5
Tengku Muzzammil Bin Tengku Makram	Member, Independent Non-Executive Director	5/5

During FY2018, 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 FY2018 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.

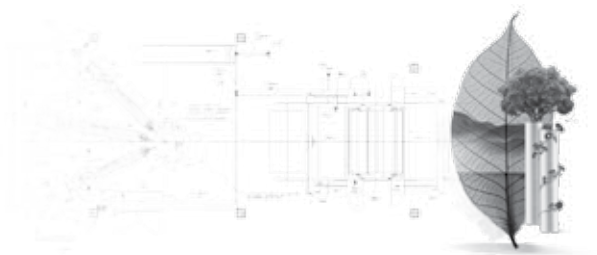
2. External audit

- 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 28 November 2018 and 27 February 2019) 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 assess 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 internal auditors on the scope of work and approved the annual audit plan in respect of FY2018;
- 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 FY2018.

AUDIT COMMITTEE REPORT *(Cont'd)*



Summary of works during Financial Year (Cont'd)

4. Governance

- a. Reviewed the recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group;
- b. Reviewed and recommended for approval of the Board of Directors the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2018;
- c. Reviewed and approved the AC Report for inclusion in the Annual Report 2018; and
- d. 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.

Internal Audit Function

The Internal auditor's ("IA") 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 IA annually.

The total cost incurred for the internal audit function for FY2018 was RM60,000.

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, sales and marketing processes, production processes and quality assurance processes for the adequacy of internal controls over these functions.
- d. Performed follow up audit to assess the implementation status of agreed recommendations to the audited areas.

The IA has presented internal audit reports to the AC on quarterly basis. 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 25 April 2019.

DIRECTORS' REPORT

for the year ended 31 December 2018

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 2018.

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 has been no significant change in the nature of these activities during the financial year.

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	43,682	30,821
- Non-controlling interests	(72)	-
	<u>43,610</u>	<u>30,821</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 Company paid a single tier ordinary dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2017 totalling RM10,897,476 on 28 August 2018.

A single tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2018 has been recommended by the Directors on 27 February 2019, subject to the approval of shareholders at the forthcoming Annual General Meeting.

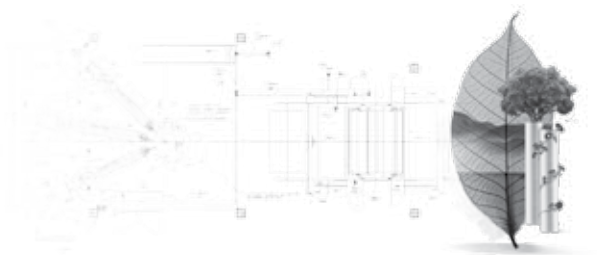
Directors of the Company

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
Dato' Kang Pang Kiang
Ang See Ming
Chow Hon Piew

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2018



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:

Dato' Ang Poon Chuan
 Dato' Ang Poon Khim
 Datuk Ang Poon Seong
 Ang Poon Shen
 Ang Eng Choo
 Ang See Ming
 Ang See Nung
 Ang See Hwan
 Ang See Cheong
 Lee Seunghwan
 Phoon Ling Zi
 Teh Boon Yen
 Lo Kui Fai (Appointed on 5 April 2019)
 Ng Chiu Bun (Appointed on 5 April 2019)
 Kim Young Tae (Resigned on 8 June 2018)

Directors' interests in shares

The interests and deemed interests in the ordinary shares, Irredeemable Convertible Unsecured Loan Stocks ("ICULS") and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	Balance at 1.1.2018	Bought/ Converted	(Sold)	Balance at 31.12.2018
<hr/>				
Interests in the Company				
Dato' Ang Poon Chuan:				
- own	2,080,904	47,531 ⁽¹⁾	-	2,128,435
- others #	511,933	-	-	511,933
Datuk Ang Poon Seong				
- own	1,003,163	10,000	-	1,013,163
- others #	-	4,200	-	4,200
Dato' Ang Poon Khim				
- own	1,265,231	-	-	1,265,231
- others #	65,000	20,000	-	85,000
Ang See Ming				
- own	1,222,127	-	-	1,222,127

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2018

Directors' interests in shares (Cont'd)

	Number of ordinary shares		
	Balance at 1.1.2018	Bought/ Converted	Balance at 31.12.2018
Interests in subsidiaries			
- TGSH Plastic Industries Sdn. Bhd.			
<i>Direct interests</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 interests</i>			
Dato' Ang Poon Chuan - own	@1	-	@1
Ang See Ming - own	@1	-	@1
- 888 Cafe Sdn. Bhd.			
<i>Direct interests</i>			
Ang See Ming - own	350,000	-	(350,000)
- Everprosper Food Industries Sdn. Bhd.			
<i>Direct interests</i>			
Ang See Ming - own	240,000	-	240,000

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2018

Directors' interests in shares (Cont'd)

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")			
	Balance at 1.1.2018	Bought	(Converted)	Balance at 31.12.2018
<hr/>				
Interests in the Company				
Dato' Ang Poon Chuan				
Interest in the Company:				
- own	47,531	-	(47,531)	-
Datuk Ang Poon Seong				
Interest in the Company:				
- own	517,930	-	-	517,930
Dato' Ang Poon Khim				
Interest in the Company:				
- own	162,787	-	-	162,787
- others #	29,950	-	-	29,950
Ang See Ming				
Interest in the Company:				
- own	17,381	-	-	17,381

		Number of warrants		
	Balance at 1.1.2018	Bought	(Exercised)	Balance at 31.12.2018
Interests in the Company				
Dato' Ang Poon Chuan				
Interest in the Company:				
- own	367,769	-	-	367,769
- others #	42,850	-	-	42,850
Datuk Ang Poon Seong				
Interest in the Company:				
- own	228,965	-	-	228,965
Dato' Ang Poon Khim				
Interest in the Company:				
- own	241,975	-	-	241,975
- others #	26,700	-	-	26,700
Ang See Ming				
Interest in the Company:				
- own	307,390	-	-	307,390

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2018

Directors' interests in shares (Cont'd)

- # 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
- (1) Ordinary shares converted from ICULS
- @ Shares held in trust for Thong Guan Industries Berhad

None of the other Directors holding office at 31 December 2018 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) 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 30 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) 1,009,631 new ordinary shares arising from the conversion of 1,009,631 ICULS; and
- ii) 160,750 new ordinary shares arising from the exercise of 160,750 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 and no debentures were issued 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 the ICULS and warrants of the Company as disclosed in the financial statements.

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.

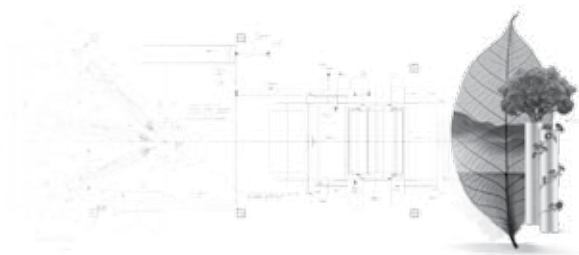
The salient features of the ICULS are disclosed in Note 25 to the financial statements.

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

	31.12.2018
5-year 5% ICULS	25,634,772

DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2018



Warrants

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

The warrant entitles the holder, to subscribe for ordinary shares 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 issuance, 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.

160,750 (2017 : 3,382,050) warrants were exercised during the financial year. As at the end of reporting period, 22,040,431 (2017 : 22,201,181) warrants remained unexercised.

Indemnity and insurance costs

There were no indemnity given to or insurance effected for the Directors, officers or 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, other than the gain on disposal of a subsidiary, insurance income and impairment loss on property, plant and equipment and investment in a subsidiary as disclosed in Note 20, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 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 events

The details of such events are disclosed in Note 33 to the financial statements.

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

for the year ended 31 December 2018

Auditors

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

The auditors' remuneration is disclosed in Note 20 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

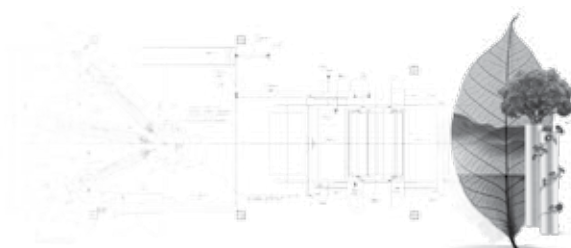
Director

Kedah Darul Aman

Date: 25 April 2019

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018



		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Property, plant and equipment	3	200,966	178,630	27	91
Investment property	4	7,455	7,693	7,455	7,693
Prepaid lease payments	5	14,288	14,527	-	-
Intangible asset	6	-	213	-	-
Investments in subsidiaries	7	-	-	87,950	95,608
Other investments	8	567	567	567	567
Deferred tax assets	9	515	3,217	444	922
Fixed deposit	10	-	30	-	30
Total non-current assets		223,791	204,877	96,443	104,911
Inventories	11	172,122	147,298	-	-
Current tax assets		2,793	1,243	-	28
Trade and other receivables	12	170,927	176,269	83,853	94,522
Fixed deposit	10	30	-	30	-
Cash and cash equivalents	13	169,649	155,764	38,663	28,117
Total current assets		515,521	480,574	122,546	122,667
Total assets		739,312	685,451	218,989	227,578
Equity					
Share capital	14	145,260	143,905	145,260	143,905
Reserves	15	349,588	322,348	61,738	48,945
Total equity attributable to owners of the Company		494,848	466,253	206,998	192,850
Non-controlling interests		9,778	9,850	-	-
Total equity		504,626	476,103	206,998	192,850
Liabilities					
Loans and borrowings	16	38,619	16,948	-	1,232
Deferred tax liabilities	9	4,853	4,928	-	-
Total non-current liabilities		43,472	21,876	-	1,232
Loans and borrowings	16	88,307	58,745	5,582	17,005
Provision	18	150	-	2,199	-
Trade and other payables	17	101,867	127,301	4,051	16,491
Current tax liabilities		890	1,426	159	-
Total current liabilities		191,214	187,472	11,991	33,496
Total liabilities		234,686	209,348	11,991	34,728
Total equity and liabilities		739,312	685,451	218,989	227,578

The notes on pages 50 to 125 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
			Restated		Restated
Revenue	19	861,615	831,203	26,576	28,067
Cost of goods sold		(741,805)	(712,326)	-	-
Gross profit		119,810	118,877	26,576	28,067
Other income		8,683	1,961	8,267	53
Selling and distribution expenses		(35,417)	(33,190)	-	-
Administrative expenses		(33,967)	(32,995)	(1,438)	(1,520)
Other expenses		(6,758)	(4,878)	(2,782)	(2,613)
Results from operating activities	20	52,351	49,775	30,623	23,987
Interest income		3,105	2,756	1,615	548
Finance costs	22	(3,484)	(1,849)	(578)	(402)
Profit before tax		51,972	50,682	31,660	24,133
Tax expense	23	(8,362)	(7,975)	(839)	47
Profit for the year		43,610	42,707	30,821	24,180
Other comprehensive expense, net of tax					
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(2,860)	(3,875)	-	-
Total comprehensive income for the year		40,750	38,832	30,821	24,180
Profit attributable to:					
Owners of the Company		43,682	41,897	30,821	24,180
Non-controlling interests		(72)	810	-	-
		43,610	42,707	30,821	24,180
Total comprehensive income attributable to:					
Owners of the Company		40,822	38,022	30,821	24,180
Non-controlling interests		(72)	810	-	-
		40,750	38,832	30,821	24,180
Basic earnings per ordinary share (sen)	24	32.05	32.86		
Diluted earnings per ordinary share (sen)	24	25.88	24.92		

The notes on pages 50 to 125 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2018

<div>← Attributable to owners of the Company →</div>										
<div>← Non-distributable → Distributable</div>										
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										
25 - Conversion of ICULS	13,573	-	-	-	-	(6,785)	(5,595)	1,193	-	1,193
15.4 - Exercise of warrants	7,263	-	-	-	(2,190)	-	-	5,073	-	5,073
26 - 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		

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

for the year ended 31 December 2018

	Note	Attributable to owners of the Company									
		Non-distributable					Distributable				
		Share capital	Translation reserve	Statutory reserve	Warrants reserve	Equity component of ICULS	Treasury shares	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
At 1 January 2018, as previously reported		143,905	20,133	4,141	14,374	13,320	-	270,380	466,253	9,850	476,103
Adjustment on initial application MFRS 9, net of tax	32	-	-	-	-	-	-	(1,029)	(1,029)	-	(1,029)
At 1 January 2018, restated		143,905	20,133	4,141	14,374	13,320	-	269,351	465,224	9,850	475,074
Foreign currency translation differences for foreign operations		-	(2,860)	-	-	-	-	-	(2,860)	-	(2,860)
Total other comprehensive expense for the year		-	(2,860)	-	-	-	-	-	(2,860)	-	(2,860)
Profit for the year		-	-	-	-	-	-	43,682	43,682	(72)	43,610
Total comprehensive income/ (expense) for the year		-	(2,860)	-	-	-	-	43,682	40,822	(72)	40,750
Contributions by and distribution to owners of the Company											
- Conversion of ICULS	25	1,010	-	-	-	(505)	-	(468)	37	-	37
- Exercise of warrants	15.4	345	-	-	(104)	-	-	-	241	-	241
- Dividend to owners of the Company	26	-	-	-	-	-	-	(10,897)	(10,897)	-	(10,897)
- Purchase of treasury shares	15.5	-	-	-	-	-	(579)	-	(579)	-	(579)
Total transactions with owners of the Company		1,355	-	-	(104)	(505)	(579)	(11,365)	(11,198)	-	(11,198)
At 31 December 2018		145,260	17,273	4,141	14,270	12,815	(579)	301,668	494,848	9,778	504,626
	Note 14	Note 15	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 2018

	Attributable to owners of the Company					Total equity RM'000
	Share capital RM'000	Share premium RM'000	Equity component of ICULS RM'000	Warrants reserve RM'000	Retained earnings 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	13,573	-	(6,785)	-	(5,595)	1,193
- Exercise of warrants	7,263	-	-	(2,190)	-	5,073
- Dividend to owners of the Company	-	-	-	-	(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	

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

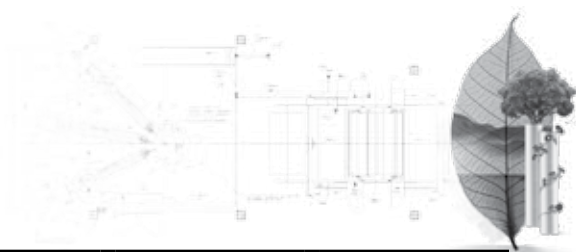
for the year ended 31 December 2018

Company	Attributable to owners of the Company					
	Share capital RM'000	Equity component of ICULS RM'000	Non-distributable			Total equity RM'000
			Warrants reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	
Note						
At 1 January 2018, as previously reported	143,905	13,320	14,374	-	21,251	192,850
Adjustments on initial application MFRS 9, net of tax	-	-	-	-	(5,475)	(5,475)
At 1 January 2018, restated	143,905	13,320	14,374	-	15,776	187,375
Profit for the year and total comprehensive income for the year	-	-	-	-	30,821	30,821
Contributions by and distribution to owners of the Company						
- Conversion of ICULS	1,010	(505)	-	-	(468)	37
- Exercise of warrants	345	-	(104)	-	-	241
- Dividend to owners of the Company	-	-	-	-	(10,897)	(10,897)
- Purchase of treasury shares	-	-	-	(579)	-	(579)
Total transactions with owners of the Company	1,355	(505)	(104)	(579)	(11,365)	(11,198)
At 31 December 2018	145,260	12,815	14,270	(579)	35,232	206,998
	Note 14	Note 15	Note 15	Note 15	Note 15	

The notes on pages 50 to 125 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2018



		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		51,972	50,682	31,660	24,133
Adjustments for:					
Property, plant and equipment					
- Depreciation	3	20,181	17,826	64	64
- Gain on disposal		(143)	(136)	-	-
- Written off		55	13	-	-
Depreciation of investment property	4	238	238	238	238
Amortisation of:					
- Prepaid lease payments	5	272	237	-	-
- Intangible asset	6	9	9	-	-
Interest income		(3,105)	(2,756)	(1,615)	(548)
Dividend income	19	-	-	(24,000)	(25,000)
Interest expense	22	3,484	1,849	578	402
Gain on disposal of investment in a subsidiary		-	-	(7,663)	-
Intangible asset written off		204	-	-	-
Unrealised loss/(gain) on foreign exchange for loans and borrowings	16.3	2,673	(8,491)	606	(1,572)
Impairment loss on:					
- property, plant and equipment		3,780	-	-	-
- investment in a subsidiary		-	-	2,730	-
Operating profit/(loss) before changes in working capital		79,620	59,471	2,598	(2,283)
Changes in working capital:					
Inventories		(25,758)	8,811	-	-
Trade and other receivables	B	3,743	(21,048)	16,319	(29,463)
Trade and other payables		(24,854)	10,497	(12,440)	15,155
Cash generated from/(used in) operations		32,751	57,731	6,477	(16,591)
Income tax paid		(7,833)	(12,078)	(186)	(484)
Dividends received		-	-	15,000	25,000
Net cash from operating activities		24,918	45,653	21,291	7,925

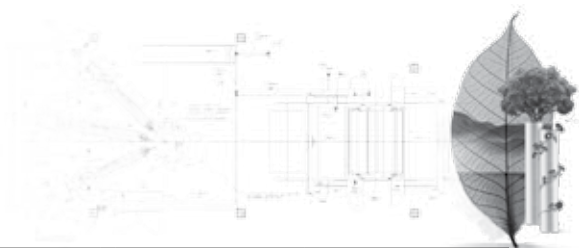
STATEMENTS OF CASH FLOWS *(Cont't)*

for the year ended 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities					
Proceeds from disposal of investment in a subsidiary		-	-	12,663	-
Acquisition of property, plant and equipment	A	(47,040)	(57,035)	-	-
Proceeds from disposal of plant and equipment		354	160	-	-
Advances to subsidiaries		-	-	-	(2,200)
Additions to investment properties	4	-	(7,931)	-	(7,931)
Additions to prepaid lease payments	5	(55)	(2,537)	-	-
Interest received		3,105	2,756	1,615	548
Investments in subsidiaries		-	-	-	(2,784)
Net cash (used in)/from investing activities		(43,636)	(64,587)	14,278	(12,367)
Cash flows from financing activities					
Repayment of finance lease liabilities	16.3	(679)	(778)	-	-
Drawdown of term loans (net)	16.3	17,192	12,708	-	-
Drawdown/(Repayment) of other bank borrowings, net	16.3	32,003	17,486	(11,979)	8,152
Dividends paid	26	(10,897)	(7,948)	(10,897)	(7,948)
Proceeds from exercise of warrants		241	5,073	241	5,073
Payment of interest on ICULS	25	(1,285)	(1,682)	(1,285)	(1,682)
Interest paid (excluding interest on ICULS)		(3,430)	(1,657)	(524)	(210)
Proceeds from issuance of shares to non-controlling interest		-	670	-	-
Acquisition of treasury shares		(579)	-	(579)	-
Net cash (used in)/from financing activities		32,566	23,872	(25,023)	3,385

STATEMENTS OF CASH FLOWS *(Cont't)*

for the year ended 31 December 2018



		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net increase/(decrease) in cash and cash equivalents		13,848	4,938	10,546	(1,057)
Effects of exchange rate fluctuations on cash and cash equivalents		(1,110)	(1,560)	-	-
Cash and cash equivalents at 1 January		154,916	151,538	28,117	29,174
Cash and cash equivalents at 31 December	C	167,654	154,916	38,663	28,117

Notes

A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM47,219,000 (2017 : RM58,347,000) of which RM179,000 (2017 : RM1,312,000) was acquired by means of loans and borrowings. The remaining RM47,040,000 (2017 : RM57,035,000) was purchased by way of cash payments.

B. Investments in subsidiaries

During the year, the Company increased its investments in certain subsidiaries by RM72,000 (2017 : RM2,784,000) of which RM72,000 (2017 : Nil) was capitalised from the amount due from subsidiaries.

C. 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	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	13	77,564	100,799	6,671	18,334
Short term deposits	13	8,000	2,856	-	-
Short term investment funds	13	84,085	52,109	31,992	9,783
Bank overdrafts	16	(1,995)	(848)	-	-
		167,654	154,916	38,663	28,117

The notes on pages 50 to 125 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 Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office 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

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group 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 25 April 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs 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 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 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendments, Curtailment or Settlement)*
- 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*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*

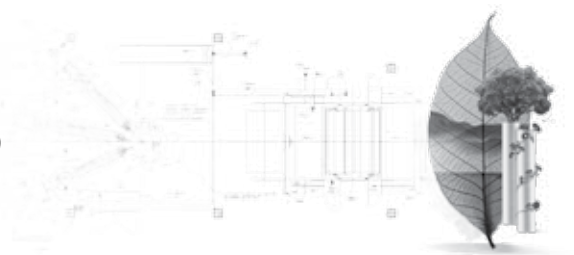
MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- 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*

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable from the annual periods beginning on 1 January 2019 and 1 January 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2019 and 1 January 2020 respectively.

The initial application of the abovementioned accounting standards, amendments or 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 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 has performed a preliminary impact assessment of MFRS 16. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when the Group will adopt MFRS 16. The initial application of the accounting standard is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

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

(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.

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

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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i) financial instruments;
- ii) revenue recognition; and
- iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 32 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

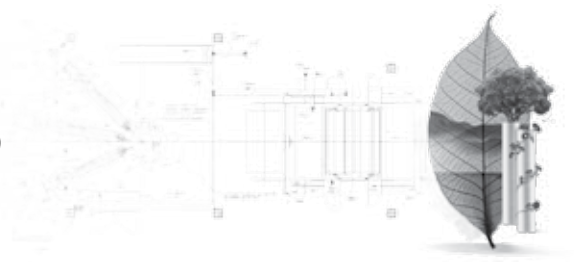
For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

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

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



2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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 which 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.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including 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 foreign currency translation reserve ("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.

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

2. Significant accounting policies (Cont'd)

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at 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.

Previous financial year

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

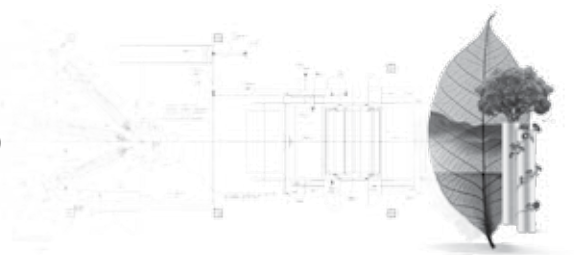
Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

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)

Current financial year (Cont'd)

(b) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

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

(b) Available-for-sale financial assets

Available-for-sale category comprised investments in equity and debt instruments that were not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Other financial assets categorised as available-for-sale were 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 were recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method was recognised in profit or loss.

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

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 liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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.

Settlement date accounting refers to:

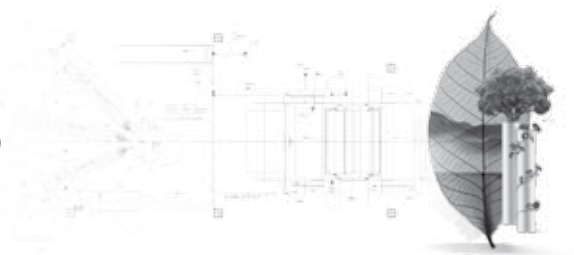
- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) 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.



2. Significant accounting policies (Cont'd)

(c) Financial instruments (Cont'd)

(iv) Financial guarantee contracts (Cont'd)

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

Previous financial year

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

(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 transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownerships of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(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.

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

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.

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

2. Significant accounting policies (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Factory buildings	20 - 50 years
Plant and machinery	5 - 20 years
Furniture, fittings and office equipment	5 - 25 years
Motor vehicles	5 years

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

(e) Leased assets

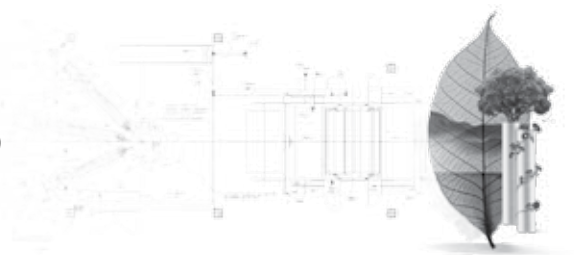
(i) Finance lease

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.

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



2. Significant accounting policies (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease

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

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

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

(f) Investment property

Investment property carried at cost

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. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of 33 years. The residual value, useful life and depreciation method are reviewed at the end of the reporting period, and adjusted as appropriate.

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.

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 assets.

The estimated useful life for the current and comparative periods is 10 years. The amortisation method, useful life and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

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

2. Significant accounting policies (Cont'd)

(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, if any.

(j) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

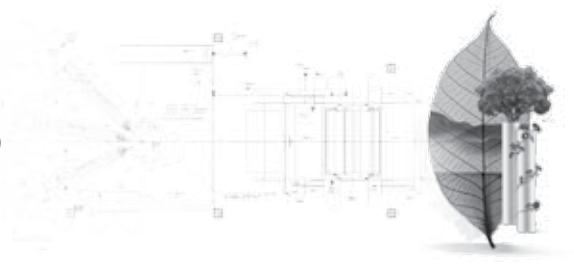
Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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



2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Current financial year (Cont'd)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial years

All financial assets (except for investments in subsidiaries) were assessed at each reporting date whether there was 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, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was 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 was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was 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 had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

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

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

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.

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

2. Significant accounting policies (Cont'd)

(j) Impairment (Cont'd)

(ii) Other assets (Cont'd)

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

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.

(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.

When 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.

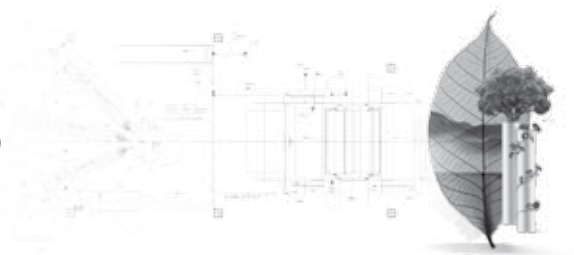
Compound financial instruments issued by the Group comprise Irredeemable Convertible Unsecured Loan Stocks ("ICULS") that can be converted to share capital at the option of the holder and the number of shares to be issued does not vary with changes in their fair value.

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.

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



2. Significant accounting policies (Cont'd)

(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.

(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.

Site restoration

A provision for site restoration is recognised when the Group has an obligation to return its rented premises to its original state upon expiry of the lease term.

(o) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met :

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(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.

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

2. Significant accounting policies (Cont'd)

(o) Revenue and other income (Cont'd)

(iv) Rental income

Rental income from subleased property is recognised as other income 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.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(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.

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.

(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.

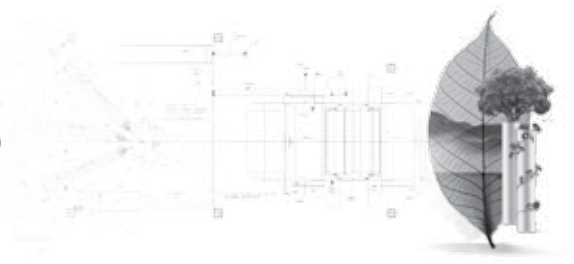
The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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, being a tax incentive 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.

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



2. Significant accounting policies (Cont'd)

(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 warrants 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 segment 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.

(t) 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.

(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 value is 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

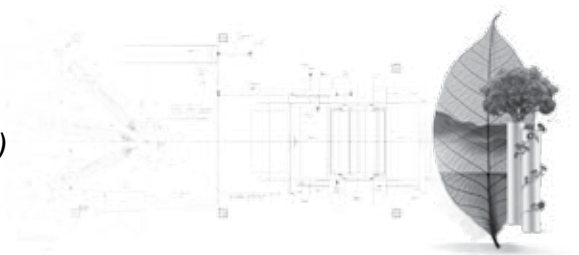
Fair value from the issuance of warrants are credited to warrants reserve which is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

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 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 2017/1 January 2018	62,203	287,049	31,880	15,263	20,129	416,524
Additions	1,735	35,946	2,262	852	6,424	47,219
Disposals	(93)	(423)	(475)	(612)	-	(1,603)
Write off	-	(463)	(112)	(96)	-	(671)
Reclassifications	2,305	17,932	239	-	(20,476)	-
Effect of movements in exchange rates	(573)	(1,999)	(76)	(34)	(36)	(2,718)
At 31 December 2018	65,577	338,042	33,718	15,373	6,041	458,751
Accumulated depreciation and impairment losses						
At 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
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 2017/1 January 2018						
- 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

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 (Cont'd)						
Depreciation for the year	2,331	13,756	2,624	1,470	-	20,181
Impairment loss	-	-	3,780	-	-	3,780
Disposals	(5)	(657)	(118)	(612)	-	(1,392)
Write off	-	(431)	(89)	(96)	-	(616)
Effect of movements in exchange rates	(292)	(1,685)	(60)	(25)	-	(2,062)
At 31 December 2018						
- Accumulated depreciation	27,835	199,232	14,903	12,026	-	253,996
- Accumulated impairment losses	-	-	3,789	-	-	3,789
	27,835	199,232	18,692	12,026	-	257,785
Carrying amounts						
At 1 January 2017	31,944	74,928	7,019	3,623	21,391	138,905
At 31 December 2017/1 January 2018	36,402	98,800	19,325	3,974	20,129	178,630
At 31 December 2018	37,742	138,810	15,026	3,347	6,041	200,966

	Motor vehicles RM'000

Company

Cost

At 1 January 2017/31 December 2017/1 January 2018/31 December 2018	320
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Accumulated depreciation

At 1 January 2017	165
Depreciation for the year	64
At 31 December 2017/1 January 2018	229
Depreciation for the year	64
At 31 December 2018	293

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

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

	Motor vehicles RM'000
Company (Cont'd)	
Carrying amounts	
At 1 January 2017	155
At 31 December 2017/1 January 2018	91
At 31 December 2018	27

3.1 Land and buildings - Group

	Cost		Carrying amounts	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Land	6,264	6,264	6,251	6,251
Factory buildings	59,313	55,939	31,491	30,151
	<u>65,577</u>	<u>62,203</u>	<u>37,742</u>	<u>36,402</u>

3.2 Security

At 31 December 2018, certain plant and machinery and land and buildings of the Group with carrying amount of RM34,251,000 (2017 : RM19,505,000) and Nil (2017 : RM 98,000) respectively are charged to licensed banks for banking facilities granted to the Group (Note 16).

3.3 Impairment of property, plant and equipment - Group

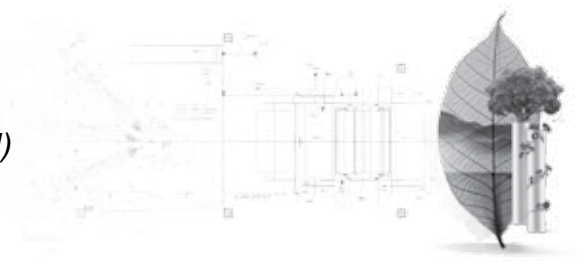
During the financial year ended 31 December 2018, the carrying amount of furniture, fittings and office equipment of a subsidiary amounting to RM3.8 million was impaired as the recoverable amounts of the said furniture, fittings and office equipment were assessed to be lower than the carrying amounts. The subsidiary had also ceased operations after the end of the financial year.

3.4 Assets acquired under finance lease - Group

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

	2018	2017
	RM'000	RM'000
Motor vehicles	661	767
Plant and machinery	1,675	2,511
	<u>2,336</u>	<u>3,278</u>

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



4. Investment property - Group/Company

	RM'000
Cost	
At 1 January 2017	-
Additions	7,931
At 31 December 2017/1 January 2018/31 December 2018	<u>7,931</u>
Accumulated depreciation	
At 1 January 2017	-
Depreciation for the year	238
At 31 December 2017/1 January 2018	<u>238</u>
Depreciation for the year	238
At 31 December 2018	<u>476</u>
Carrying amounts	
At 1 January 2017	<u>-</u>
At 31 December 2017/1 January 2018	<u>7,693</u>
At 31 December 2018	<u>7,455</u>

4.1 Fair value information

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

Level 3 fair value

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

The fair value of the investment property as at 31 December 2018 is classified as level 3 of the fair value hierarchy and is estimated at approximately RM8.5 million (2017 : RM7.6 million).

Estimation uncertainty and key assumptions

The fair value of the investment property is based on the Directors' estimation using the latest available market information, recent experience and knowledge in the location and category of the property being valued.

The Directors estimate the fair value of the investment property based on the comparison of the investment property with similar properties that were published for sale within the same locality or other comparable localities.

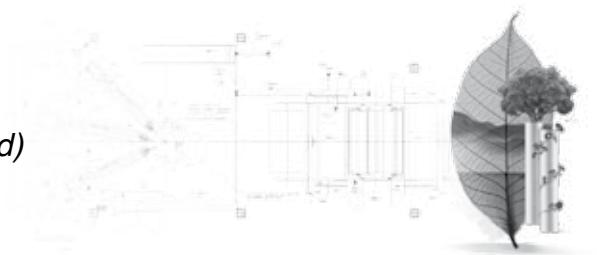
NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

5. Prepaid lease payments - Group

	Leasehold land RM'000
Cost	
At 1 January 2017	16,180
Additions	2,537
Effect of movements in exchange rates	(501)
At 31 December 2017/1 January 2018	18,216
Additions	55
Effect of movements in exchange rates	(62)
At 31 December 2018	18,209
Amortisation	
At 1 January 2017	3,496
Amortisation for the year	237
Effect of movements in exchange rates	(44)
At 31 December 2017/1 January 2018	3,689
Amortisation for the year	272
Effect of movements in exchange rates	(40)
At 31 December 2018	3,921
Carrying amounts	
At 1 January 2017	12,684
At 31 December 2017/1 January 2018	14,527
At 31 December 2018	14,288
Security	

At 31 December 2018, certain leasehold land with carrying amount of RM1,483,000 (2017: RM1,483,000) are charged to licensed banks for banking facilities granted to the Group (Note 16).

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



6. Intangible asset - Group

	Franchise fee RM'000
Cost	
At 1 January 2017/31 December 2017/1 January 2018	222
Written off	(222)
At 31 December 2018	-
Accumulated amortisation	
At 1 January 2017	-
Amortisation for the year	9
At 31 December 2017/1 January 2018	9
Amortisation for the year	9
Written off	(18)
At 31 December 2018	-
Carrying amounts	
At 1 January 2017	222
At 31 December 2017/1 January 2018	213
At 31 December 2018	-

7. Investments in subsidiaries - Company

	2018 RM'000	2017 RM'000
Unquoted shares, at cost	91,209	96,137
Less: Impairment loss	(3,259)	(529)
	<u>87,950</u>	<u>95,608</u>

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2018 %	2017 %
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. ("TGPP")	Malaysia	Manufacturing and trading of plastic products	100	100

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

7. Investments 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	
			2018 %	2017 %
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. ("TGPT") ***	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 Plaspak (Suzhou) Co., Ltd. #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TG Plaspak (Vietnam) Co., Ltd. #	Socialist Republic of Vietnam	Dormant	100	100
888 Cafe Sdn. Bhd. ("888 Cafe") @	Malaysia	Operation of food and beverage outlet	80	80
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.	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

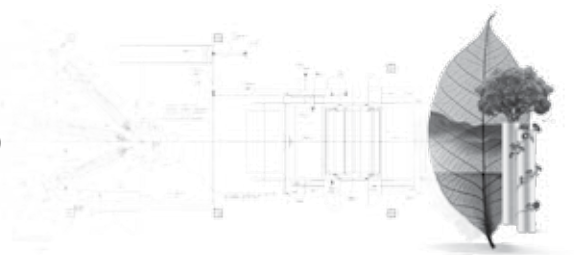
* Held through STGT

** Held through EFI

*** Held through TGPP effective 7 August 2018

@ Ceased operations after financial year end as shown in Note 33 to the financial statements

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



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

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

7.1 During the financial year ended 31 December 2018, the Company subscribed for additional shares in TG Plaspak (Vietnam) Co., Ltd. through capitalisation of the amount due from the subsidiary of RM72,000.

7.2 On 7 August 2018, the Company disposed of its entire interest in TGPT to TGPP as part of the Group's internal reorganisation exercise for a total consideration of RM12,663,000.

7.3 Non-controlling interests in subsidiaries

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

	2018					
	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	(864)	5,646	7,173	(1,792)	(385)	9,778
Profit/(Loss) allocated to NCI	(992)	730	1,134	(941)	(3)	(72)
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	371	36,197	12,127	2,477	-	51,172
Current assets	572	25,182	20,699	1,923	-	48,376
Non-current liabilities	-	(6,322)	(1,104)	(1,101)	-	(8,527)
Current liabilities	(7,311)	(17,419)	(7,817)	(8,094)	(962)	(41,603)
Net assets/(liabilities)	(6,368)	37,638	23,905	(4,795)	(962)	49,418
Year ended 31 December						
Revenue	1,948	76,438	63,536	1,756	-	143,678
Profit/(Loss) for the year	(4,959)	4,866	3,779	(2,354)	(6)	1,326
Total comprehensive income/(expense)	(4,959)	4,866	3,779	(2,354)	(6)	1,326
Cash flows (used in)/from operating activities	(171)	2,591	185	(337)	-	2,268
Cash flows (used in)/from investing activities	(268)	(8,538)	(3,629)	12	-	(12,423)
Cash flows (used in)/from financing activities	(10)	6,404	(42)	(678)	-	5,674
Net increase/(decrease) in cash and cash equivalents	(449)	457	(3,486)	(1,003)	-	(4,481)
Dividend paid to NCI	-	-	-	-	-	-

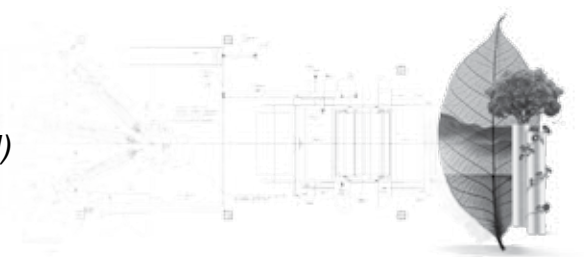
NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

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

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

	2017					
	888 Cafe	TGPW	TGSH	EFI	EM	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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/(used in) operating activities	1,685	14,302	(733)	(106)	(11)	15,137
Cash flows used in investing activities	(1,370)	(9,842)	(1,305)	(1,413)	-	(13,930)
Cash flows from/(used in) 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)



8. Other investments - Group/Company

	RM'000
Non-current	
2018	
<i>Fair value through other comprehensive income</i>	
Unquoted shares	<u>567</u>
2017	
<i>Available-for-sale</i>	
Unquoted shares, at cost	2,874
Less: Impairment loss	<u>(2,307)</u>
	<u>567</u>

In the adoption of MFRS 9, *Financial Instruments*, investments in shares where the Group and the Company intend to hold for long term strategic purposes that were classified as "available-for-sale" under MFRS 139 are now classified as "fair value through other comprehensive income".

9. Deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment						
- Capital allowances	-	-	(20,432)	(8,986)	(20,432)	(8,986)
- Revaluation	-	-	(277)	(304)	(277)	(304)
Tax loss carry						
- forwards	40	40	-	-	40	40
Tax incentives	15,474	9,862	-	-	15,474	9,862
Liability component of ICULS	297	605	-	-	297	605
Others	565	87	(5)	(3,015)	560	(2,928)
Tax assets/(liabilities)	<u>16,376</u>	<u>10,594</u>	<u>(20,714)</u>	<u>(12,305)</u>	<u>(4,338)</u>	<u>(1,711)</u>
Set-off of tax	(15,861)	(7,377)	15,861	7,377	-	-
Net tax assets/(liabilities)	<u>515</u>	<u>3,217</u>	<u>(4,853)</u>	<u>(4,928)</u>	<u>(4,338)</u>	<u>(1,711)</u>

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

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

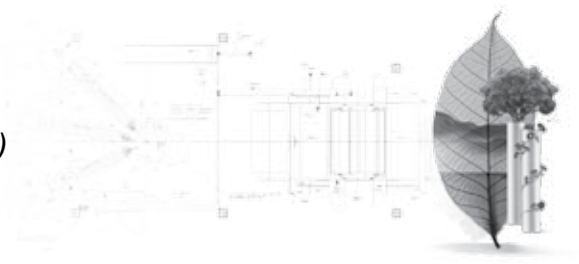
The recognised deferred tax assets of the Group are as follows (Cont'd):

Company	Assets	
	2018 RM'000	2017 RM'000
Equipment - capital allowances	(1)	(3)
Liability component of ICULS	297	605
Others	148	320
	<u>444</u>	<u>922</u>

Movements in temporary differences during the year are as follows:

	At 1 January 2017 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised directly in equity (Note 23) RM'000	At 31 December 2017/ 2018 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised directly in equity (Note 23) RM'000	At 31 December 2018 RM'000
Group							
Property, plant and equipment							
- Capital allowances	(4,716)	(4,270)	-	(8,986)	(11,446)	-	(20,432)
- Revaluation	(331)	27	-	(304)	27	-	(277)
Tax loss carry forwards	-	40	-	40	-	-	40
Tax incentives	2,570	7,292	-	9,862	5,612	-	15,474
Liability component of ICULS	1,339	(357)	(377)	605	(296)	(12)	297
Others	(4,180)	1,252	-	(2,928)	3,488	-	560
	<u>(5,318)</u>	<u>3,984</u>	<u>(377)</u>	<u>(1,711)</u>	<u>(2,615)</u>	<u>(12)</u>	<u>(4,338)</u>
Company							
Equipment - capital allowances	(3)	-	-	(3)	2	-	(1)
Liability component of ICULS	1,339	(357)	(377)	605	(296)	(12)	297
Others	(223)	543	-	320	(172)	-	148
	<u>1,113</u>	<u>186</u>	<u>(377)</u>	<u>922</u>	<u>(466)</u>	<u>(12)</u>	<u>444</u>

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



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

Unrecognised deferred tax assets

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

	Group	
	2018	2017
	RM'000	RM'000
Capital allowance carry-forwards	(6,060)	(3,803)
Tax loss carry-forwards	(6,254)	(4,602)
Reinvestment allowance carry-forwards	(5,978)	(5,973)
Others	716	1,442
	<u>(17,576)</u>	<u>(12,936)</u>

It was proposed during Budget 2019 that unutilised reinvestment allowance and tax loss carry-forwards up to year of assessment 2018 shall be deductible against aggregate of statutory income until year of assessment 2025. Any amount not deducted at the end of year of assessment 2025 shall be disregarded. The capital 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 entities can utilise the benefits therefrom.

10. Fixed deposit - Group/Company

An amount of RM30,000 (2017 : 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 the ICULS of 5 years.

11. Inventories - Group

	2018	2017
	RM'000	RM'000
Raw materials	124,446	104,017
Work-in-progress	5,811	6,339
Manufactured inventories	37,634	33,219
Trading inventories	4,231	3,723
	<u>172,122</u>	<u>147,298</u>

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

12. Trade and other receivables

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
<hr/>					
Trade					
Trade receivables	12.1	139,701	137,526	31,228	42,521
Non-trade					
Other receivables	12.2	17,292	25,100	158	2,499
Amount due from subsidiaries	12.3	-	-	28,465	34,500
Dividends receivable from a subsidiary		-	-	24,000	15,000
Deposits	12.4	11,052	12,246	2	2
Prepayments		2,882	1,397	-	-
		31,226	38,743	52,625	52,001
		<hr/>	<hr/>	<hr/>	<hr/>
		170,927	176,269	83,853	94,522

12.1 Trade receivables

Included in trade receivables of the Group is RM316,000 (2017 : Nil) due from a company in which a Director has a substantial financial interest, which is subject to normal trade terms.

12.2 Other receivables

Included in other receivables of the Group and the Company is RM352,000 (2017 : RM Nil) and RM65,000 (2017 : Nil) respectively due from a company in which a Director has a substantial financial interest. The amounts are unsecured, interest-free and repayable on demand. The said company has become an indirect subsidiary of the Company subsequent to the financial year as shown in Note 33 to the financial statements.

12.3 Amount due from subsidiaries

The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand, except for an amount of RM1,030,000 (2017 : RM3,141,000) which is subject to interest at 5% (2017 : 5%) per annum.

12.4 Deposits

Included in deposits of the Group is RM9,461,000 (2017: RM10,947,000) paid for the purchase of property, plant and equipment.

Included in deposits of the Group is a security deposit of RM126,000 (2017 : RM250,000) held by a related party.

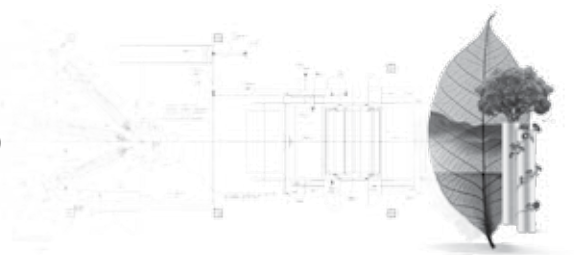
13. Cash and cash equivalents

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances		77,564	100,799	6,671	18,334
Short term deposits		8,000	2,856	-	-
Short term investment funds	13.1	84,085	52,109	31,992	9,783
		169,649	155,764	38,663	28,117

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



14. Share capital - Group/Company

	2018		2017	
	Amount	Number of shares	Amount	Number of shares
	RM'000	'000	RM'000	'000
Issued and fully paid ordinary shares classified as equity instruments :				
At 1 January	143,905	135,262	118,307	118,307
Conversion of ICULS into ordinary shares	1,010	1,010	13,573	13,573
Exercise of warrants into ordinary shares	345	161	7,263	3,382
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016 (Note 14.2)	-	-	4,762	-
At 31 December	145,260	136,433	143,905	135,262

14.1 Ordinary shares

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.

14.2 Share premium

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 not utilised the share premium amount on the expiration date at 31 January 2019 (twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017).

15. Reserves

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-distributable					
Translation reserve	15.1	17,273	20,133	-	-
Statutory reserve	15.2	4,141	4,141	-	-
Equity component of ICULS	15.3	12,815	13,320	12,815	13,320
Warrants reserve	15.4	14,270	14,374	14,270	14,374
Treasury shares	15.5	(579)	-	(579)	-
Distributable					
Retained earnings	15.6	301,668	270,380	35,232	21,251
		349,588	322,348	61,738	48,945

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

15.1 Translation reserve

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

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

15. Reserves (Cont'd)

15.2 Statutory reserve

The statutory reserve comprises amounts transferred from retained earnings as required by the local regulation in People's Republic of China.

15.3 Equity component of ICULS

This comprises the residual amount of ICULS after deducting the fair value of warrants and the liability component of the ICULS from the fair value of the instrument as a whole (Note 25).

15.4 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 the 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.

160,750 (2017 : 3,382,050) warrants were exercised during the financial year. As at the end of reporting period, 22,040,431 (2017 : 22,201,181) 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 were issued. The fair value of the warrants measured at issuance date were based on the following assumptions:

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

15.5 Treasury shares

The shareholders of the Company, via an ordinary resolution passed in the Annual General Meeting held on 30 May 2017, approved for the Company to repurchase its own shares of up to 10% of the issued and paid-up share capital of the Company.

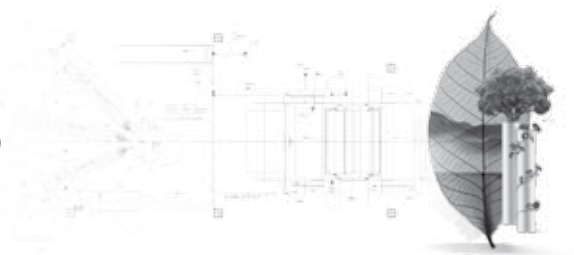
During the financial year ended 31 December 2018, the Company repurchased its issued ordinary shares from the open market as follows:

	Purchase price ^(N1)				
	No. of shares '000	Cost RM'000	Highest RM	Lowest RM	Average RM
2018					
At beginning of financial year	-	-	-	-	-
Purchased during the financial year:					
February 2018	186	579	3.13	3.08	3.11
At end of financial year	186	579	3.13	3.08	3.11

^(N1) Purchase price includes stamp duty, brokerage, clearing fee and Goods and Services Tax.

The repurchase transactions were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares.

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



15. Reserves *(Cont'd)*

15.6 Retained earnings

The entire retained earnings of the Company are eligible to be paid out as dividends under the single-tier company income tax system in accordance with the Finance Act, 2007.

16. Loans and borrowings

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Non-current:				
Secured term loans	23,282	11,416	-	-
Secured revolving credit	7,957	-	-	-
Unsecured term loans	6,273	2,715	-	-
Finance lease liabilities	1,107	1,585	-	-
Liability component of ICULS	-	1,232	-	1,232
	38,619	16,948	-	1,232
Current:				
Secured				
- Term loans	6,131	4,254	-	-
- Bankers' acceptances	-	1,624	-	-
- Revolving credit	2,513	-	-	-
	8,644	5,878	-	-
Unsecured				
- Term loans	3,317	3,100	-	-
- Bank overdrafts	1,995	848	-	-
- Onshore foreign currency loans	61,777	28,396	-	-
- Bankers' acceptances	6,358	2,862	-	-
- Trust receipts	4,343	15,716	4,343	15,716
	77,790	50,922	4,343	15,716
Finance lease liabilities	634	656	-	-
Liability component of ICULS	1,239	1,289	1,239	1,289
	88,307	58,745	5,582	17,005

16.1 Securities - Group

The secured loans and borrowings of the Group are secured by corporate guarantee by the Company and fixed charges over certain land, factory buildings and machinery of the respective subsidiaries for which the facilities are extended to (Note 3 and Note 5).

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

16. Loans and borrowings (Cont'd)

16.2 Finance lease liabilities - Group

Finance lease liabilities are payable as follows :

	← 2018 →			← 2017 →		
	Future minimum lease payments	Interest	Present value of minimum least payments	Future minimum lease payments	Interest	Present value of minimum least payments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than 1 year	722	(88)	634	776	(120)	656
Between 1 and 5 years	1,183	(76)	1,107	1,731	(146)	1,585
	1,905	(164)	1,741	2,507	(266)	2,241

The finance lease liabilities are secured as the rights to the assets under the finance leases that revert to the lessor in the event of default.

16.3 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Net changes		At 31						
	At 1 January 2017 RM'000	from financing cash flow RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	December 2017/ 1 January 2018 RM'000	Net changes from financing cash flow RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2018 RM'000
Group									
Term loans	10,180	12,708	-	(1,403)	21,485	17,192	-	326	39,003
Finance lease liabilities	1,707	(778)	1,312	-	2,241	(679)	179	-	1,741
Onshore foreign currency trade loans	13,637	20,049	-	(5,290)	28,396	31,971	-	1,410	61,777
Bankers' acceptances	4,284	202	-	-	4,486	1,872	-	-	6,358
Trust receipts	20,279	(2,765)	-	(1,798)	15,716	(11,979)	-	606	4,343
Revolving credit	-	-	-	-	-	10,139	-	331	10,470
	50,087	29,416	1,312	(8,491)	72,324	48,516	179	2,673	123,692
Company									
Trust receipts	9,136	8,152	-	(1,572)	15,716	(11,979)	-	606	4,343

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

17. Trade and other payables

	Note	Group 2018 RM'000	2017 RM'000	Company 2018 RM'000	2017 RM'000
Trade					
Trade payables	17.1	76,651	99,715	3,520	15,152
Non-trade					
Amount due to related parties	17.2	10	21	-	-
Amount due to a subsidiary	17.3	-	-	-	1,000
Other payables	17.4	14,622	17,730	8	48
Accrued expenses		10,584	9,835	523	291
		25,216	27,586	531	1,339
		<u>101,867</u>	<u>127,301</u>	<u>4,051</u>	<u>16,491</u>

17.1 Trade payables

Included in trade payables of the Group is RM1,044,000 (2017 : RM1,022,000) due to companies in which certain Directors have a substantial financial interest, which is subject to 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 Amount due to a subsidiary

The non-trade amount due to a subsidiary was unsecured, interest-free and repayable on demand.

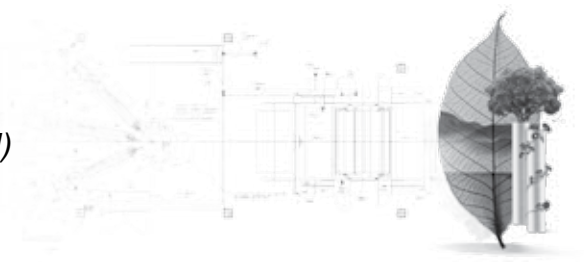
17.4 Other payables

Included in other payables of the Group is RM3,722,000 (2017 : RM693,000) comprising advance payments received from customers.

18. Provision

	Site restoration RM'000
Group	
Current	
At 1 January 2017/31 December 2017/1 January 2018	-
Provision made during the year	150
At 31 December 2018	<u>150</u>

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



18. Provision (Cont'd)

	Financial guarantees (Note 31.4) RM'000
Company	
Current	
At 1 January 2017/31 December 2017	-
At 1 January 2018, as per MFRS 139	-
Adjustment on initial application of MFRS 9	2,199
At 1 January 2018, as restated/31 December 2018	2,199

Site restoration - Group

The site restoration cost for the rented premises is provided based on the expected restoration expenses estimated by the Directors.

Provision for restoration cost is classified as current liabilities as the tenancy agreement, for which the restoration is required, has been terminated effective 31 May 2019.

19. Revenue

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Revenue from contracts with customers	861,615	831,203	2,576	3,067
Dividend income from subsidiaries	-	-	24,000	25,000
	<u>861,615</u>	<u>831,203</u>	<u>26,576</u>	<u>28,067</u>

Revenue from contracts with customers of the Company relates to the sale of products where the Company acts as an agent in the transaction rather than as the principal.

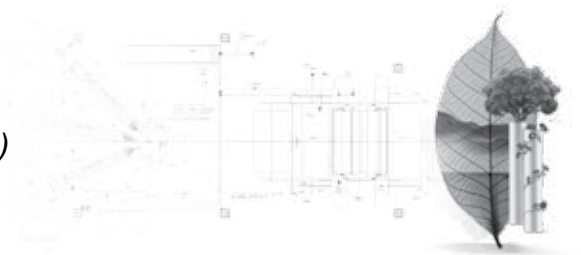
NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

19. Revenue (Cont'd)

19.1 Disaggregation of revenue

	← Group →			
	← Company →			
	Plastic products	Food, beverages and other consumable products	Petroleum and other products	Total
	RM'000	RM'000	RM'000	RM'000
2018				
Primary geographical markets				
- Japan	232,499	-	-	232,499
- Malaysia	114,214	52,790	2,576	169,580
- Australia	116,719	124	-	116,843
- Europe	70,929	-	-	70,929
- Korea	40,566	-	-	40,566
- New Zealand	34,754	10	-	34,764
- Philippines	27,899	-	-	27,899
- People's Republic of China	19,006	1,201	-	20,207
- Republic of Singapore	15,688	114	-	15,802
- Vietnam	12,268	48	-	12,316
- Other Asian countries	87,592	2,333	-	89,925
- Others	30,284	1	-	30,285
	802,418	56,621	2,576	861,615
Timing and recognition				
- At a point in time	802,418	56,621	2,576	861,615
2017				
Primary geographical markets				
- Japan	246,107	-	-	246,107
- Malaysia	114,659	52,209	3,067	169,935
- Australia	115,267	240	-	115,507
- Europe	46,010	-	-	46,010
- Korea	49,998	-	-	49,998
- New Zealand	33,247	5	-	33,252
- Philippines	31,853	6	-	31,859
- People's Republic of China	13,553	725	-	14,278
- Republic of Singapore	15,319	398	-	15,717
- Vietnam	11,607	75	-	11,682
- Other Asian countries	52,182	2,009	-	54,191
- Others	42,548	119	-	42,667
	772,350	55,786	3,067	831,203
Timing and recognition				
- At a point in time	772,350	55,786	3,067	831,203

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



19. Revenue (Cont'd)

19.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Plastic products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers.	30 - 60 days from invoice date	Not applicable.	Not applicable.	Not applicable.
Food and beverages	Revenue is recognised at a point in time when the food and beverages are served and accepted by the customers.	Cash term.	Not applicable.	Not applicable.	Not applicable.
Packaged food, beverages and other consumable products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers.	30 - 60 days from invoice date.	Not applicable.	The Group allows returns from exchange and cash refunds are offered.	Not applicable.
Petroleum and other products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers.	30 - 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

The Group applies the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

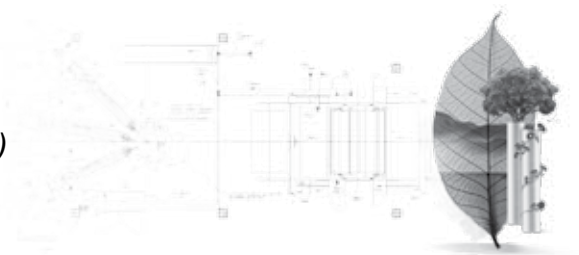
NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

20. Results from operating activities

Results from operating activities are arrived at:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
After charging:				
Auditors' remuneration				
- Statutory audit				
- KPMG PLT				
- current year	196	170	28	23
- prior year	3	4	1	-
- Other auditors	54	55	-	-
- Other services				
- KPMG PLT	5	10	5	10
- Affiliate of KPMG PLT				
- current year	47	37	17	15
- prior year	-	-	-	1
Directors' emoluments				
Directors of the Company				
- fees	409	409	240	240
- remuneration	2,936	2,813	126	102
- contributions to Employees' Provident Fund	216	216	15	12
- others	230	88	230	88
Other Directors				
- fees	79	84	-	-
- remuneration	851	672	-	-
- contributions to Employees' Provident Fund	42	53	-	-
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others	58,062	56,281	-	-
- Contributions to state plans	3,729	5,070	-	-
Rental expense	3,120	2,572	-	-
Impairment loss on:				
- investment in a subsidiary	-	-	2,730	-
- property, plant and equipment	3,780	-	-	-
Property, plant and equipment written off	55	13	-	-
Intangible asset written off	204	-	-	-
Loss on foreign exchange				
- realised	1,485	3,318	-	494
- unrealised	553	640	400	2,119

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



20. Results from operating activities (Cont'd)

Results from operating activities are arrived at: (Cont'd)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Gain on disposal of:				
- plant and equipment	143	136	-	-
- investment in a subsidiary	-	-	7,663	-
Gain on foreign exchange				
- realised	-	-	992	-
- unrealised	-	-	-	-
Insurance income	4,145	-	-	-
Rental income from property and machinery	110	-	-	-

21. Key management personnel compensation

The key management personnel compensation are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
- Fees	289	289	120	120
- Remuneration	2,936	2,813	126	102
- Others	-	2	-	2
- Contributions to Employees' Provident Fund	216	216	15	12
- Estimated value of benefits-in-kind	44	-	17	-
	3,485	3,320	278	236
Other Directors				
- Remuneration	181	350	-	-
- Contributions to Employees' Provident Fund	-	22	-	-
	181	372	-	-
	3,666	3,692	278	236

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

22. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:				
Finance lease liabilities	126	134	-	-
Term loans	1,076	419	-	-
Bank overdrafts	70	47	-	-
Onshore foreign currency loans	1,195	487	-	-
Bankers' acceptances	338	225	-	-
Trust receipts	524	249	524	210
ICULS (Note 25)	54	192	54	192
Revolving credit	91	86	-	-
Others	10	10	-	-
	3,484	1,849	578	402

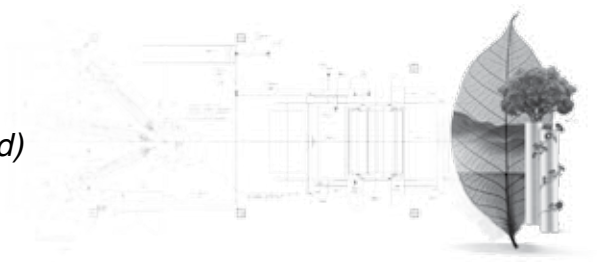
23. Tax expense

Recognised in profit or loss

Major components of tax expense include :

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	4,719	11,119	358	108
- Prior years	1,028	840	15	31
Total current tax recognised in profit or loss	5,747	11,959	373	139
Deferred tax expense				
- Origination/(Reversal) of temporary differences	4,979	(4,091)	466	(186)
- Prior years	(2,337)	134	-	-
- Revaluation	(27)	(27)	-	-
Total deferred tax recognised in profit or loss	2,615	(3,984)	466	(186)
Total tax expense/(income) recognised in profit or loss	8,362	7,975	839	(47)

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



23. Tax expense (Cont'd)

Reconciliation of tax expense

	2018	2017
	RM'000	RM'000
Group		
Profit for the year	43,610	42,707
Total tax expense	8,362	7,975
Profit excluding tax	<u>51,972</u>	<u>50,682</u>
Income tax calculated using Malaysian tax rate of 24%	12,473	12,164
Effect of higher tax rate in foreign jurisdictions	49	12
Non-deductible expenses	2,315	975
Income not subject to tax	(460)	(698)
Tax incentive	(5,921)	(6,628)
Reversal of deferred tax on revaluation	(27)	(27)
Effect of unrecognised deferred tax assets	1,113	1,618
Others	129	(415)
(Over)/Under provision in prior years	(1,309)	974
Tax expense	<u>8,362</u>	<u>7,975</u>
	2018	2017
	RM'000	RM'000
Company		
Profit for the year	30,821	24,180
Total tax expense	839	(47)
Profit excluding tax	<u>31,660</u>	<u>24,133</u>
Income tax calculated using Malaysian tax rate of 24%	7,598	5,792
Non-deductible expenses	765	169
Income not subject to tax	(7,835)	(6,088)
Others	296	49
Under provision in prior years	15	31
Tax expense	<u>839</u>	<u>(47)</u>

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

23. Tax expense (Cont'd)

Income tax recognised directly in equity

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
ICULS				
- Deferred tax	<u>12</u>	<u>377</u>	<u>12</u>	<u>377</u>

24. 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 RM43,682,000 (2017 : RM41,897,000) and on the weighted average number of ordinary shares outstanding during the year of 136,276,779 (2017 : 127,500,020) calculated as follows:

	2018	2017
Issued ordinary shares at 1 January	135,262,272	118,306,539
Effect of warrants exercised during the year	136,510	1,715,768
Effect of conversion of ICULS during the year	877,997	7,477,713
Weighted average number of ordinary shares at 31 December	<u>136,276,779</u>	<u>127,500,020</u>
Basic earnings per ordinary share (sen)	<u>32.05</u>	<u>32.86</u>

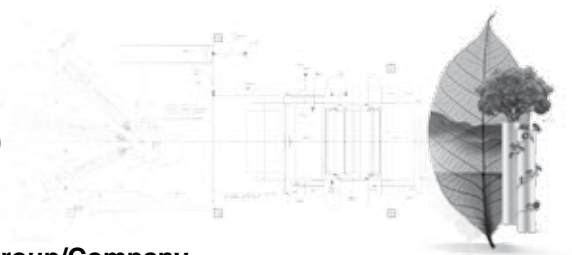
Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the profit attributable to ordinary shareholders and on the weighted average number of ordinary shares outstanding after adjusting the effect of all dilutive potential ordinary shares, calculated as follows:

	2018	2017
	RM'000	RM'000
Profit attributable to ordinary shareholders (basic)	43,682	41,897
Interest expense on convertible notes, net of tax	<u>39</u>	<u>81</u>
Profit attributable to ordinary shareholders (diluted)	<u>43,721</u>	<u>41,978</u>
Weighted average number of ordinary shares at 31 December (basic)	<u>136,276,779</u>	<u>127,500,020</u>
Effect of exercise of warrants	<u>7,012,864</u>	<u>14,328,422</u>
Effect of conversion of ICULS	<u>25,634,772</u>	<u>26,644,403</u>
Weighted average number of ordinary shares at 31 December (diluted)	<u>168,924,415</u>	<u>168,472,845</u>
Diluted earnings per ordinary share (sen)	<u>25.88</u>	<u>24.92</u>

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

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



25. 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 held at 5.00pm on 17 September 2014, together with 26,301,106 free detachable warrants on the basis of one warrant for every two ICULS subscribed payable in full upon acceptance.

The main features of the ICULS are as follows:

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

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

	Liability component of ICULS (Note 16) RM'000	Equity component of ICULS (Note 15.3) RM'000	Total RM'000
At the date of issuance of ICULS			
- nominal value	11,645	26,296	37,941
At 1 January 2017	5,581	20,105	25,686
Conversion of ICULS into ordinary shares	(1,570)	(6,785)	(8,355)
Interest expense (Note 22)	192	-	192
Interest paid	(1,682)	-	(1,682)
At 31 December 2017/1 January 2018	2,521	13,320	15,841
Conversion of ICULS into ordinary shares	(51)	(505)	(556)
Interest expense (Note 22)	54	-	54
Interest paid	(1,285)	-	(1,285)
At 31 December 2018	1,239	12,815	14,054

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

	2018 RM'000	2017 RM'000
Within 1 year	1,239	1,289
Between 1 to 5 years	-	1,232
	1,239	2,521

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

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

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

	31.12.2018
5-year 5% ICULS	<u>25,634,772</u>

26. Dividends - Group and Company

Dividends recognised by the Company:

	Sen per share	RM'000	Date of payment
2018			
- Final 2017 single tier ordinary dividend	<u>8.00</u>	<u>10,897</u>	28 August 2018
2017			
- Final 2016 single tier ordinary dividend	<u>6.00</u>	<u>7,948</u>	18 August 2017

A final single tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2018 has been recommended by the Directors and subject to shareholders' approval at the forth coming 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' of equity on the financial year ending 31 December 2019.

27. Capital commitment

	2018 RM'000	2017 RM'000
Group		
Contracted but not provided for		
- Property, plant and equipment	<u>39,359</u>	<u>64,501</u>

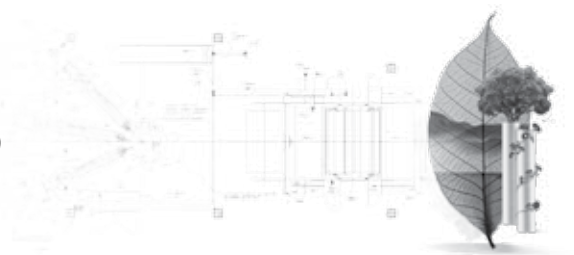
28. Capital management

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.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

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

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



29. 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 ("CODM")) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- Plastic products
- Food, beverages and other consumable products

Other non-reportable segment represents the investment holding, sales of petroleum and other activities of the Group. None of these segments met the quantitative thresholds for reporting segments.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the CODM. 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 CODM. 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 CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

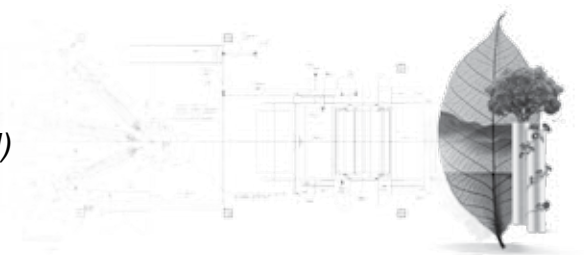
Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payments, investment property and intangible assets.

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

29. Operating segments (Cont'd)

	Plastic products		Food, beverages and other consumable products		Others		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
.....	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated
Segment profit/(loss)	55,651	53,774	(5,745)	(2,226)	2,066	(866)	51,972	50,682
Included in the measure of segment profit are:								
- Revenue from external customers	802,418	772,350	56,621	55,786	2,576	3,067	861,615	831,203
- Impairment of property, plant and equipment	-	-	(3,780)	-	-	-	(3,780)	-
- Depreciation and amortisation	18,135	16,740	2,263	1,268	302	302	20,700	18,310
Segment assets	622,834	552,932	37,904	50,049	78,574	82,470	739,312	685,451
Included in the measure of segment assets is:								
- Capital expenditure	46,588	58,403	686	2,481	-	7,931	47,274	68,815

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



29. Operating segments (Cont'd)

Geographical segments

The business segments are operated principally in Malaysia and People's Republic of 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.

Geographical information

	2018	2017
	RM'000	RM'000
		Restated
Revenue		
Japan	232,499	246,107
Malaysia	169,580	169,935
Australia	116,843	115,507
Europe	70,929	46,010
Korea	40,566	49,998
New Zealand	34,764	33,252
Philippines	27,899	31,859
People's Republic of China	20,207	14,278
Republic of Singapore	15,802	15,717
Vietnam	12,316	11,682
Other Asian countries	89,925	54,191
Others	30,285	42,667
	<u>861,615</u>	<u>831,203</u>
Non-current assets		
Malaysia	199,192	178,270
People's Republic of China	20,683	22,817
Vietnam	3,349	3,223
	<u>223,224</u>	<u>204,310</u>

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

30. Related parties

30.1 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 a substantial financial interest:
 - 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.
 - TGW Plastic and Packaging Sdn. Bhd. ("TGWPP")
 - T.G. Plastic Pack (Export) Sdn. Bhd.
- iii) Companies in which close family members of certain Directors and key management personnel of the Group are deemed to have a substantial financial interest :
 - 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

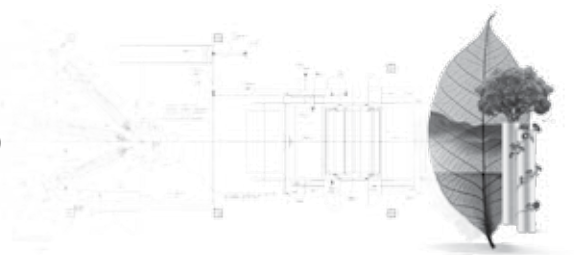
30.2 Significant related party transactions

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.

30.2.1 Transactions with subsidiaries:

	2018	2017
	RM'000	RM'000
Company		
Dividend income (gross)	24,000	25,000
Interest income	449	122

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



30. Related parties (Cont'd)

30.2 Significant related party transactions (Cont'd)

30.2.2 Transactions with companies in which certain Directors are deemed to have a substantial financial interest :

	Group	
	2018	2017
	RM'000	RM'000
Sales	2,436	2,992
Purchases	4,922	4,961
Rental expense	68	65
Rental Income	70	-

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

	2018	2017
	RM'000	RM'000
Purchases	93	177
Rental expense	834	814
Security deposit paid	126	250

30.3 There were no transactions with key management personnel and Directors of the Group other than the remuneration package paid to them as disclosed in Notes 20 and 21.

31. Financial instruments

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows :

- (a) Amortised cost ("AC")
- (b) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount	AC	FVOCI-EIDUIR
	RM'000	RM'000	RM'000
2018			
Financial assets			
Group			
Other investments	567	-	567
Fixed deposit	30	30	-
Trade and other receivables (excluding prepayments)	168,045	168,045	-
Cash and cash equivalents	169,649	169,649	-
	338,291	337,724	567

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

31. Financial instruments (Cont'd)

31.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVOCI- EIDUIR RM'000
Company			
Other investments	567	-	567
Fixed deposit	30	30	-
Trade and other receivables (excluding prepayments)	83,853	83,853	-
Cash and cash equivalents	38,663	38,663	-
	<u>123,113</u>	<u>122,546</u>	<u>567</u>

	Carrying amount RM'000	AC RM'000
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2018

Financial liabilities

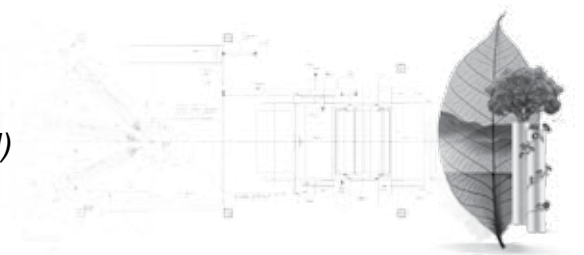
Group

Loans and borrowings	126,926	126,926
Provision	150	150
Trade and other payables	101,867	101,867
	<u>228,943</u>	<u>228,943</u>

Company

Loans and borrowings	5,582	5,582
Provision	2,199	2,199
Trade and other payables	4,051	4,051
	<u>11,832</u>	<u>11,832</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 31 December 2017 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	30	30	-
Trade and other receivables (excluding prepayments)	174,872	174,872	-
Cash and cash equivalents	155,764	155,764	-
	<u>331,233</u>	<u>330,666</u>	<u>567</u>

Company

Other investments	567	-	567
Fixed deposit	30	30	-
Trade and other receivables (excluding prepayments)	94,522	94,522	-
Cash and cash equivalents	28,117	28,117	-
	<u>123,236</u>	<u>122,669</u>	<u>567</u>

	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
	<u>202,994</u>	<u>202,994</u>

Company

Loans and borrowings	18,237	18,237
Trade and other payables	16,491	16,491
	<u>34,728</u>	<u>34,728</u>

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

31. Financial instruments (Cont'd)

31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net (losses)/gains on:				
Financial assets at amortised cost	(575)	-	2,207	-
Loans and receivables	-	(1,460)	-	(2,057)
Financial liabilities at amortised cost	(2,265)	(1,849)	(578)	(402)
	<u>(2,840)</u>	<u>(3,309)</u>	<u>1,629</u>	<u>(2,459)</u>

31.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

31.4 Credit risk

Credit risk is the risk of a financial loss 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 the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks and suppliers for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

Trade receivables

Risk management objectives, policies and processes for managing the risk

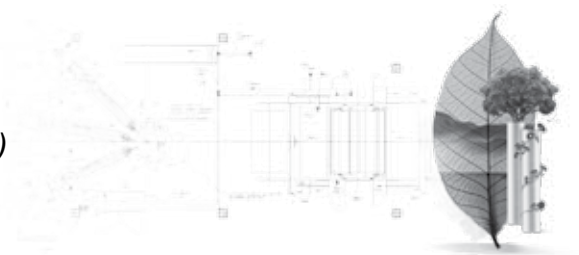
Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

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



31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

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

	2018	2017
	RM'000	RM'000
Group		
Domestic	57,279	60,722
Asia, other than Malaysia	44,956	44,128
Australia	21,496	23,279
Europe	10,864	7,937
Others	5,106	1,460
	139,701	137,526

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure expected credit loss ("ECLs") of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 90 days as applicable to the relevant Group entities will be considered as credit impaired.

The Group will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group will also commence legal proceeding against the customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experienced over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

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

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

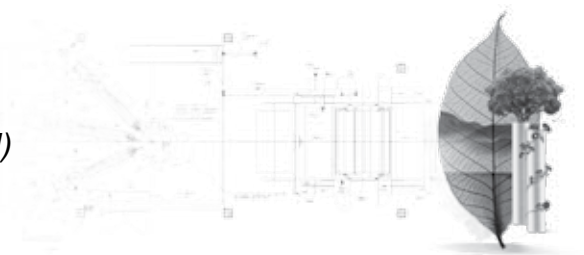
Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	2018		
	Gross	Loss	Net
	RM'000	allowances RM'000	RM'000
Group			
Not past due	85,468	-	85,468
Past due 1 - 30 days	37,064	-	37,064
Past due 31 - 60 days	10,832	-	10,832
Past due 61 - 90 days	4,627	-	4,627
Past due more than 90 days	2,131	(421)	1,710
	140,122	(421)	139,701
Credit impaired			
Individually impaired	10,909	(10,909)	-
	151,031	(11,330)	139,701

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	2018		
	Gross	Loss	Net
	RM'000	allowances RM'000	RM'000
Company			
Not past due	14,578	-	14,578
Past due 1 - 30 days	6,629	-	6,629
Past due 31 - 60 days	6,311	-	6,311
Past due 61 - 90 days	3,710	-	3,710
	31,228	-	31,228
Credit impaired			
Individually impaired	46	(46)	-
	31,274	(46)	31,228

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Credit impaired	
	Group RM'000	Company RM'000
2018		
Balance at 1 January as per MFRS 139	10,320	58
Adjustment on initial application of MFRS 9	1,029	-
Balance at 1 January as per MFRS 9	11,349	58
Reversal of loss allowance	(146)	(12)
Amount written off	(38)	-
Loss allowance provided	165	-
Balance at 31 December	11,330	46

As at 31 December 2018, RM38,000 of trade receivables were written off but they are still subject to enforcement activity.

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

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

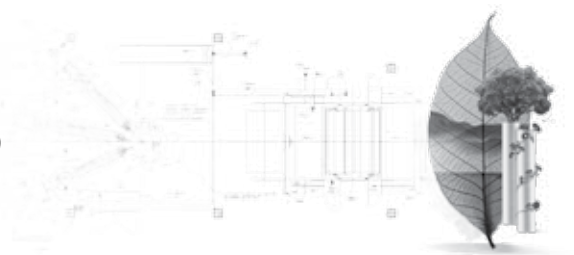
Recognition and measurement of impairment loss (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Gross	Individual	Collective	Net
	RM'000	impairment	impairment	RM'000
		RM'000	RM'000	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>-</u>	<u>137,526</u>
Company				
2017				
Not past due	41,469	-	-	41,469
Past due 1 - 30 days	1,052	-	-	1,052
Past due 31 - 60 days	-	-	-	-
Past due more than 60 days	58	(58)	-	-
	<u>42,579</u>	<u>(58)</u>	<u>-</u>	<u>42,521</u>

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



31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement (Cont'd)

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

	2017	
	Group	Company
	RM'000	RM'000
At 1 January	12,017	591
Impairment loss recognised	532	-
Impairment loss reversed	(274)	(8)
Impairment loss written off	(1,955)	(525)
At 31 December	10,320	58

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.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies.

Other receivables

Credit risks on other receivables are mainly arising from goods and services tax claims from the authorities and deposits paid for warehouses rented. The deposits will be received at the end of the lease terms. The Group manages the credit risk together with the leasing arrangement.

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

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.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

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

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

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

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2018.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
2018			
Low credit risk	52,465	-	52,465
Credit impaired	3,276	(3,276)	-
	55,741	(3,276)	52,465

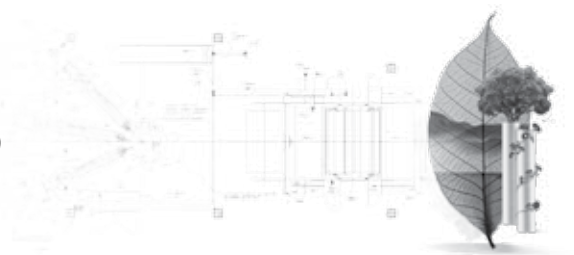
The movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year is as follows:

	2018 Lifetime ECL RM'000
Company	
Balance at 1 January as per MFRS 139	-
Adjustment on initial application of MFRS 9	3,276
Balance at 1 January and at 31 December as per MFRS 9	3,276

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The movement in the allowance for impairment loss of inter-company loans and advances during the financial year were:

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	2017
	RM'000
Company	
At 1 January	1,041
Impairment loss written off	(1,041)
At 31 December	-

Financial 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 and corporate guarantees to vendors for the purchase of raw materials by 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 RM548.2 million (2017: RM502.6 million) of which RM86.5 million (2017 : RM66.9 million) have been utilised as at the end of the reporting period.
- ii) the Company has issued corporate guarantees amounting to RM183 million (2017 : RM179.8 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 RM9.1 million (2017 : RM19.0 million).

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank or vendor in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

The movement in the allowance for impairment in respect of financial guarantees is as follows:

	2018
	RM'000
Company	
Balance at 1 January as per MFRS 139	-
Adjustment on initial application of MFRS 9	2,199
Balance at 1 January/31 December as per MFRS 9	2,199

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

31. Financial instruments (Cont'd)

31.4 Credit risk (Cont'd)

Contingent liability

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

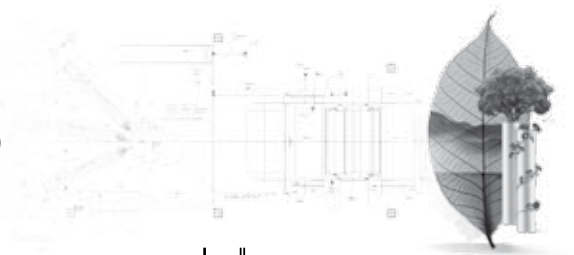
31.5 Liquidity risk

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)



31. Financial instruments (Cont'd)

31.5 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	Contractual					
	Carrying amount RM'000	interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2018						More than 5 years RM'000
<i>Non-derivative financial liabilities</i>						
Liability component of ICULS						
Term loans	1,239	5.00	1,239	1,239	-	-
Finance lease liabilities	39,003	2.36 - 5.27	42,076	10,665	9,746	21,618
Bank overdrafts	1,741	4.51 - 6.54	1,905	722	608	575
Onshore foreign currency loans	1,995	7.99 - 8.10	1,995	1,995	-	-
Bankers' acceptances	61,777	271 - 3.26	61,777	61,777	-	-
Trust receipts	6,358	3.66 - 5.52	6,358	6,358	-	-
Revolving credit	4,343	3.51 - 3.59	4,343	4,343	-	-
Trade and other payables	10,470	3.16 - 3.67	11,352	2,882	2,778	5,692
	101,867	-	101,867	101,867	-	-
	<u>228,793</u>		<u>232,912</u>	<u>191,848</u>	<u>13,132</u>	<u>27,885</u>
						<u>47</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

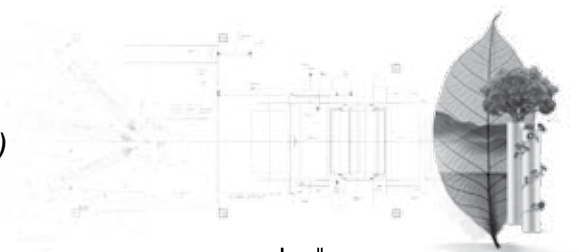
31. Financial instruments (Cont'd)

31.5 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
Group							
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	-	-	-
	<u>202,994</u>		<u>204,417</u>	<u>186,814</u>	<u>9,284</u>	<u>7,983</u>	<u>336</u>

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



31. Financial instruments (Cont'd)

31.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2018							
<i>Non-derivative financial liabilities</i>							
Liability component of ICULS	1,239	5.00	1,239	1,239	-	-	-
Trust receipts	4,343	3.51 - 3.59	4,343	4,343	-	-	-
Trade and other payables	4,051	-	4,051	4,051	-	-	-
Financial guarantees	-	-	95,616	95,616	-	-	-
	9,633		105,249	105,249	-	-	-
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	-	-

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

31. Financial instruments (Cont'd)

31.6 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 is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Chinese Yuen ("RMB") 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 with maturities of less than one year. Where necessary, the forward foreign exchange contracts are rolled over at maturity at market rates.

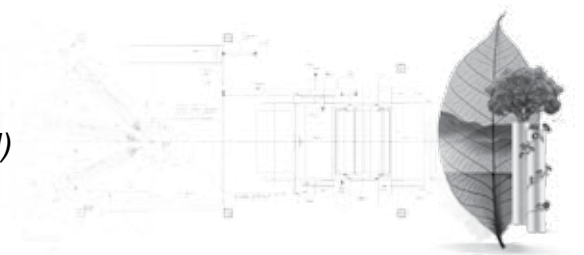
In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensured that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

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	JPY	AUD	SGD	EUR	RMB	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2018							
Trade and other receivables	63,875	1,177	6,020	1,789	9,739	8,509	91,109
Cash and bank balances	42,053	1,875	524	517	4,721	31,264	80,954
Trade and other payables	(46,007)	-	(19)	-	(932)	(6,584)	(53,542)
Loans and borrowings	(115,592)	-	-	-	-	-	(115,592)
Net exposure	(55,671)	3,052	6,525	2,306	13,528	33,189	2,929

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	USD	JPY	AUD	SGD	EUR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	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

	USD
	RM'000

Company

2018

Trade and other receivables	31,306
Cash and bank balances	5,229
Trade and other payables	(3,520)
Loans and borrowings	(4,343)

Net exposure	28,672
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2017

Trade and other receivables	42,521
Cash and bank balances	12,968
Trade and other payables	(15,152)
Loans and borrowings	(15,716)

Net exposure	24,621
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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Currency risk (Cont'd)

Currency risk sensitivity analysis

A 10% (2017 : 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	
	2018	2017
	RM'000	RM'000
Group		
USD	4,231	(974)
JPY	(232)	(782)
AUD	(496)	(623)
SGD	(175)	(118)
EUR	(1,028)	(57)
RMB	<u>(2,522)</u>	<u>-</u>
Company		
USD	<u>(2,179)</u>	<u>(1,871)</u>

A 10% (2017 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

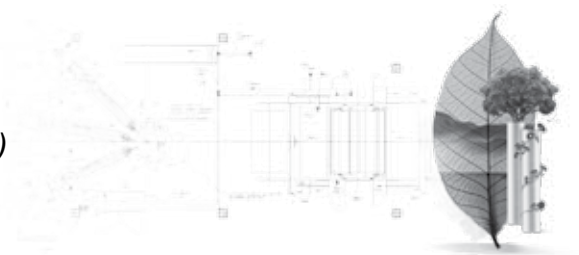
Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying competitive interest rates which are reviewed and negotiated on a yearly basis. The Group manages its interest rate risk by having a combination of borrowings with fixed and floating rates.

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



31. Financial instruments (Cont'd)

31.6 Market risk (Cont'd)

Interest rate risk (Cont'd)

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
2018		
Fixed rate instruments		
Financial assets	8,030	1,060
Financial liabilities	(85,928)	(5,582)
	<u>(77,898)</u>	<u>(4,522)</u>
Floating rate instruments		
Financial liabilities	<u>(40,998)</u>	<u>-</u>
2017		
Fixed rate instruments		
Financial assets	2,886	3,171
Financial liabilities	(53,360)	(18,237)
	<u>(50,474)</u>	<u>(15,066)</u>
Floating rate instruments		
Financial liabilities	<u>(22,333)</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)*

31. Financial instruments (Cont'd)

31.6 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.

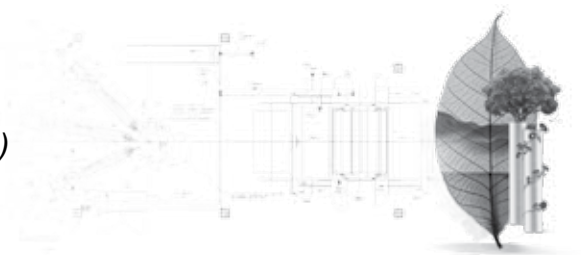
	Profit or loss	
	100 bp increase	100 bp decrease
	RM'000	RM'000
Group		
2018		
Floating rate instruments	<u>(312)</u>	<u>312</u>
2017		
Floating rate instruments	<u>(170)</u>	<u>170</u>

31.7 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.7 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.

2018	Group	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			Total	Level 1			Total		
		RM'000	Level 2	Level 3		RM'000	Level 2	Level 3			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

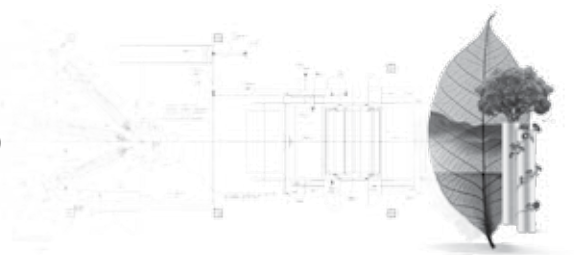
NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

31. Financial instruments (Cont'd)

31.7 Fair value information (Cont'd)

2017	Group	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	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Financial asset											
Fixed deposit		-	-	-	-	-	-	30	30	30	30
Financial liabilities											
Term loans - Variable rate		-	-	-	-	-	-	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
Company											
Financial asset		-	-	-	-	-	-	26,247	26,247	26,247	26,247
Fixed deposit		-	-	-	-	-	-	30	30	30	30
Financial liability											
Liability component of ICULS		-	-	-	-	-	-	2,521	2,521	2,521	2,521

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



31. Financial instruments (Cont'd)

31.7 Fair value information (Cont'd)

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 (2017: no transfer in either directions).

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.

Level 3 fair value

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

The carrying amount of floating rate term loans approximate its fair value as their effective interest rates change accordingly to movements in the market interest rate. The fair values of finance lease liabilities and revolving credit are calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements which ranges from 3.16% to 6.54% (2017 : 5.68% to 6.13%).

32. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

32.1 Impacts on financial statements

The implementation of MFRS 15 resulted in certain changes to the presentation on the Statements of Profit or Loss and Other Comprehensive Income namely, the presentation of income generated by the Group and the Company in the position as agent.

The following table shows the reclassification arising from the adoption of MFRS 15 on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. Significant changes in accounting policies (Cont'd)

32.1 Impacts on financial statements (Cont'd)

Statements of Profit or Loss and Other Comprehensive Income

	31 December 2017 as previously reported RM'000	MFRS 15 adjustments RM'000	31 December 2017 as restated RM'000
Group			
Revenue	832,146	(943)	831,203
Cost of sales	(713,269)	943	(712,326)
Company			
Revenue	29,010	(943)	28,067
Cost of sales	(943)	943	-

The adoption of MFRS 15 did not have any other material financial impacts to the Group's and the Company's financial statements save for the above.

In the adoption of MFRS 15, the Group adopted the practical expedient as permitted by the standard for comparatives and accordingly, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

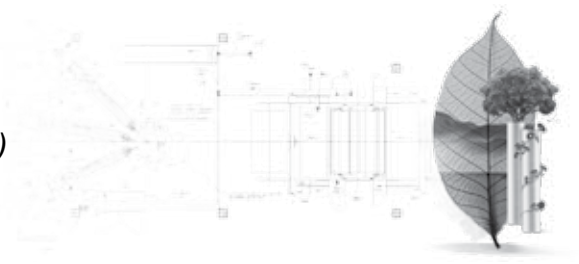
32.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

- i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.
- ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:
 - the determination of the business model within which a financial asset is held;
 - the designation of certain investments in equity instruments not held for trading as at FVOCI.
- iii) Loss allowance for receivables is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



32. Significant changes in accounting policies (Cont'd)

32.2 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9:

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018:

<div>← 1 January 2018 →</div>				
			Reclassification to new MFRS 9 category	
Category under MFRS 139	31 December 2017	Re- measurement	Amortised cost ("AC")	Fair value through other comprehensive income ("FVOCI") - Equity instrument
	RM'000	RM'000	RM'000	RM'000
<hr/>				
Group				
Financial assets				
Loans and receivables				
Fixed deposit	30	-	30	-
Trade and other receivables (excluding prepayments) (Note 32.2.(b)(i))	174,872	(1,029)	173,843	-
Cash and cash equivalents	155,764	-	155,764	-
	<hr/>			
	330,666	(1,029)	329,637	-
	<hr/>			
Available-for-sale				
Other investments (Note 32.2.(b)(ii))	567	-	-	567
	<hr/>			
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans and borrowings	75,693	-	75,693	-
Trade and other payables	127,301	-	127,301	-
	<hr/>			
	202,994	-	202,994	

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

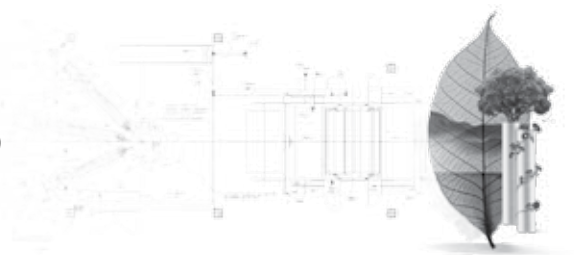
32. Significant changes in accounting policies (Cont'd)

32.2 Accounting for financial instruments (Cont'd)

- b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9: (Cont'd)

<div>← 1 January 2018 →</div>				
Reclassification to new MFRS 9 category				
	31 December 2017	Re-measurement	Amortised cost ("AC")	Fair value through other comprehensive income ("FVOCI") - Equity instrument
Category under MFRS 139	RM'000	RM'000	RM'000	RM'000
<hr/>				
Company				
Financial assets				
Loans and receivables				
Fixed deposit	30	-	30	-
Trade and other receivables (excluding prepayments) (Note 32.2.(b)(i))	94,522	(3,276)	91,246	-
Cash and cash equivalents	28,117	-	28,117	-
	122,669	(3,276)	119,393	-
Available-for-sale				
Other investments (Note 32.2.(b)(ii))	567	-	-	567
Financial liabilities measured at amortised cost				
Loans and borrowings	18,237	-	18,237	-
Trade and other payables	16,491	-	16,491	-
	34,728	-	34,728	-
Others				
Financial guarantees (Note 32.2.(b)(iii))	85,917	(2,199)	83,718	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)



32. Significant changes in accounting policies (Cont'd)

32.2 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9: (Cont'd)

(i) *Reclassification from loans and receivables to amortised cost*

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM1,029,000 and RM3,276,000 in allowance for impairment were recognised in opening retained earnings of the Group and the Company respectively at 1 January 2018 on transitioning to MFRS 9.

(ii) *Reclassification from AFS to FVOCI*

Investments in unquoted shares are investments that the Group and the Company intends to hold for long term strategic purposes. As permitted by MFRS 9, the Group and the Company have designated these investments as measured at FVOCI at the date of initial application.

(iii) *Remeasurement of financial guarantees*

Financial guarantees are remeasured on transition to MFRS 9 (see note 31.4). The Company has provided a loss allowance of RM2,199,000 on its financial guarantee contracts for certain subsidiaries at 1 January 2018.

33. Subsequent events

1. On 18 March 2019, the Company through its wholly-owned subsidiary, Syarikat Thong Guan Trading Sdn. Bhd., completed the acquisition of 49% interests in Thong Guan Trading (Thailand) Company Limited ("TGT Thailand") representing 79% voting interest in TGT Thailand for a total cash consideration of RM620,000. Following the acquisition, TGT Thailand became an indirect subsidiary of the Company.
2. On 4 April 2019, the Company through its wholly-owned subsidiary, Thong Guan Plastic and Paper Industries Sdn. Bhd. completed the acquisition of 4,079,998 ordinary shares representing 51% interests in TGW Plastic Packaging Sdn. Bhd. for a total cash consideration of RM4,079,998. Following the acquisition, TGW Plastic Packaging Sdn. Bhd. became an indirect subsidiary of the Company.
3. On 15 April 2019, 888 Cafe Sdn. Bhd., an 80% owned subsidiary of the Company ceased operations and become dormant.
4. On 18 April 2019, the proposed establishment of Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of shares of the Company, excluding treasury shares, for the eligible Directors and employees of the Group have been approved by the shareholders during the extraordinary general meeting held.

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 41 to 125 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 2018 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

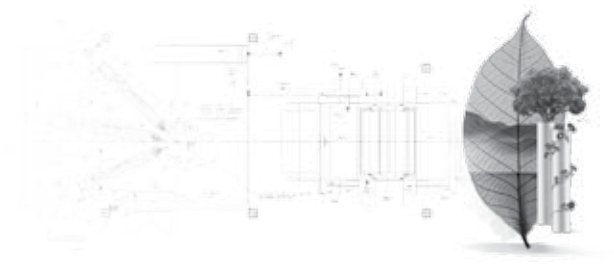
Date : 25 April 2019

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 41 to 125 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 25 April 2019.

.....
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 2018 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 41 to 125.

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 2018, 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.

Valuation of inventories

Refer to accounting policy at Note 2(h) - Inventories and Note 11 - Inventories.

As at 31 December 2018, the carrying amount of the Group's inventories amounted to RM172 million, representing 33% of the Group's current assets as at 31 December 2018. The Group's inventories comprise mainly of plastic resins and a wide range of plastic packaging products such as stretch films, poly bags and sheets for industrial and consumer use and PVC food wraps.

The inventories are required to be measured at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value require the use of judgement on estimated selling price and future demand. Additionally, the Group is also exposed to fluctuations in the commodity price of plastic resins being the major raw materials used in the Group's production.

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 judgment to evaluate the assessments made by the management.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- Attended the year end physical inventory counts to identify any inventories that were damaged or may be slow moving;
- Selected items of inventories on sampling basis and compared the carrying amount of the inventories to the selling price for sales transacted after year end or recent sales transacted during the year;
- Tested the accuracy of the inventory usage report; and
- Evaluated the Group's basis of writing down slow-moving inventories based essentially on the age given to the inventories with consideration of the consumption history and/or recent sales.

We have determined that there is no key audit matter to be communicated for the separate financial statements of the Company in our report.

INDEPENDENT AUDITORS' REPORT *(Cont'd)*

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

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.

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.

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)

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.

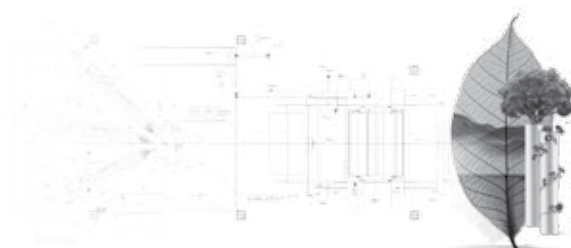
KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Penang

Date: 25 April 2019

Raymond Chong Chee Mon
Approval Number: 03272/06/2020 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	20-22 years	60 years, leasehold, expiring on 12.4.2052	0.68	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	24 years	60 years leasehold, expiring on 12.4.2052	0.43	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	18 years	60 years leasehold, expiring on 4.6.2055	2.64	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	21-34 years	Freehold	5.54	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	16-36 years	Freehold	4.69	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	34 years	99 years leasehold, expiring on 18.7.2092	0.17	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	26 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	30 years	60 years leasehold, expiring on 31.12.2035	1.46	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jln Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	40 years	999 years leasehold, expiring on 16.6.2914	0.09	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	27 years	60 years leasehold, expiring on 31.12.2040	0.17	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

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
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	13-17 years	50 years leasehold, expiring on 31.12.2049	4.47	01.01.2000
Pangjin Road Wujiang Economic Developing Area Jiangsu, People Republic of China	Factory buildings	716,876	13-14 years	50 years leasehold, expiring on 08.03.2053	6.00	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	13 years	60 years leasehold, expiring on 11.04.2052	4.53	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	18-19 Years	60 years leasehold, expiring on 4.7.2055	4.42	26.08.2011
Lot No. PT2574, H.S. (M) 2798, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Warehouse	83,689	14 years	60 years leasehold, expiring on 15.9.2050	0.74	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	3.35	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	24 years	60 years leasehold, expiring on 23.11.2054	3.07	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 leaseholdm expiring on 03.04.2050	7.45	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	15 years	60 hears leasehold expiring on 05.05.2055	7.31	30.12.2017

ANALYSIS OF ORDINARY SHAREHOLDINGS

(as at 2 April 2019)

Total no. of issued share capital	- 137,139,753 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 shares held	% of shareholding
Less than 100	162	9,627	0.01
100 - 1,000	693	522,063	0.38
1,001 - 10,000	2,317	10,378,868	7.57
10,001 - 100,000	820	23,757,837	17.32
100,001 - 6,814,634	134	58,417,733	42.60
6,814,634 - 136,292,703	1	44,053,625	32.12
TOTAL	4,127	137,139,753	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	1.55	511,933 ^(a)	0.37
Datuk Ang Poon Seong	1,013,163	0.74	4,200 ^(a)	0.00
Dato' Ang Poon Khim	1,265,231	0.92	85,000 ^(a)	0.06
Ang See Ming	1,222,127	0.89	-	-
Chow Hon Piew	-	-	-	-
Dato' Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

^(a) Deemed interested via interest of 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	32.12	-	-

ANALYSIS OF IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (“ICULS”) HOLDINGS

(as at 2 April 2019)

No of ICULS 2014/2019 Issued	- 25,434,572
Exercise/Conversion Price	- RM1.00 of ICULS for 1 new Ordinary Share
Coupon Rate	- 5% per annum payable semi-annually in arrears
Maturity Date	- 10 October 2019

DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS holdings	No. of ICULS holders	No. of ICULS held	% of ICULS holdings
Less than 100	25	502	0.00
100 - 1,000	136	86,749	0.34
1,001 - 10,000	254	1,042,755	4.10
10,001 - 100,000	76	2,171,850	8.54
100,001 - 1,288,097	11	2,637,216	10.37
1,288,098 - 25,761,972	1	19,495,500	76.65
TOTAL	503	25,434,572	100.00

DIRECTORS' ICULS HOLDINGS

	Direct Interest		Indirect Interest	
	No. of ICULS	%	No. of ICULS	%
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	-	-	-	-
Datuk Ang Poon Seong	517,930	2.04	-	-
Dato' Ang Poon Khim	162,787	0.64	29,950 ^(a)	0.12
Ang See Ming	17,381	0.07	-	-
Chow Hon Piew	-	-	-	-
Dato' Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

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

ANALYSIS OF WARRANT HOLDINGS

(as at 2 April 2019)

No of Warrants 2014/2019 Issued	- 21,533,531
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	4,761	0.02
100 - 1,000	201	110,747	0.52
1,001 - 10,000	323	1,281,614	5.95
10,001 - 100,000	126	3,544,912	16.46
100,001 - 1,102,658	22	5,768,747	26.79
1,102,659 - 22,053,181	1	10,822,750	50.26
TOTAL	781	21,533,531	100.00

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
	No. of Warrants	%	No. of Warrants	%
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-
Dato' Ang Poon Chuan	367,769	1.71	42,850 ^(a)	0.20
Datuk Ang Poon Seong	228,965	1.06	-	-
Dato' Ang Poon Khim	241,975	1.12	26,700 ^(a)	0.12
Ang See Ming	307,390	1.43	-	-
Chow Hon Piew	-	-	-	-
Dato' Kang Pang Kiang	-	-	-	-
Tengku Muzzammil Bin Tengku Makram	-	-	-	-

Notes:

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

LIST OF 30 LARGEST SHAREHOLDERS

(as at 02 April 2019)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	33,150,000	24.172
2	FOREMOST EQUALS SDN BHD	10,903,625	7.951
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	4,485,600	3.271
4	NEOH CHOO EE & COMPANY, SDN. BERHAD	3,512,500	2.561
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	1,710,100	1.247
6	SENSIBLE MATRIX SDN BHD	1,663,303	1.213
7	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	1,349,300	0.984
8	LASER CARTEL SDN BHD	1,313,900	0.958
9	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	1,300,200	0.948
10	ANG POON CHUAN	1,269,835	0.926
11	ANG POON KHIM	1,265,231	0.923
12	SUPERB SENSE SDN BHD	1,188,100	0.866
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	1,169,600	0.853
14	ANG SEE MING	1,094,900	0.798
15	DYNAQUEST SDN. BHD.	1,026,300	0.748
16	ANG POON SEONG	1,013,163	0.739
17	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SYED HIZAM ALSAGOFF (E-PDG)	1,000,000	0.729
18	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,000,000	0.729
19	TAN LEE HWA	915,000	0.667
20	ONG LEI IM	880,000	0.642
21	ANG POON CHUAN	858,600	0.626
22	LIM GAIK BWAY @ LIM CHIEW AH	804,500	0.587
23	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	729,400	0.532
24	DENVER CAPITAL SDN BHD	650,000	0.474
25	SEAH MOK KHOON	650,000	0.474
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KONG CHONG SOON @ CHI SUIM (PB)	640,000	0.467
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	630,000	0.459
28	CHEAM HENG MING	614,800	0.448
29	GOLDEN FRESH SDN BHD	600,000	0.438
30	TEH BOON YEN	561,885	0.410
	TOTAL:	77,949,842	56.840

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

(as at 02 April 2019)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	19,495,500	76.650
2	LEE AH SEE	734,062	2.886
3	ANG POON SEONG	517,930	2.036
4	CHOY WEE CHIAP	203,100	0.799
5	ANG POON KHIM	162,787	0.640
6	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE EAN SENG	150,000	0.590
7	LEE AH SEE	141,750	0.557
8	CHEAH KHENG KEOW	126,387	0.497
9	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	120,000	0.472
10	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SOO CHING	117,500	0.462
11	ANG ENG JOO	103,150	0.406
12	SEAH MOK KHOON	102,250	0.402
13	SEE EAN SENG	100,000	0.393
14	ANG ENG YEAN	94,462	0.371
15	LIM SOON HUAT	93,700	0.368
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHIMAH STEPHENS (CEB)	85,000	0.334
17	HOR CHEONG HON	78,200	0.307
18	ROBERT TAN	71,125	0.280
19	ANG ENG NEE	69,400	0.273
20	SEE EAN SENG	58,000	0.228
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NEOH SOON KEAN (M01)	54,800	0.215
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHAN HONG EE (M01)	54,800	0.215
23	NG HAN SING	54,000	0.212
24	BEE KHENG HOLDINGS SDN. BHD.	53,000	0.208
25	TEH BOON YEN	52,227	0.205
26	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SALBIAH BINTI SHUIB (CEB)	50,000	0.197
27	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	40,500	0.159
28	TEOH GEOK CHOO	40,000	0.157
29	YONG CHEE HOO	40,000	0.157
30	SEE BOON SIEW	37,000	0.145
	TOTAL:	23,100,630	90.824

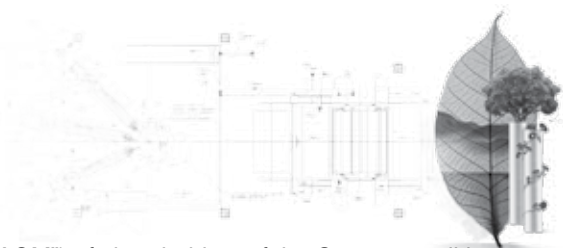
LIST OF 30 LARGEST WARRANT HOLDERS

(as at 02 April 2019)

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

NO.	NAME	HOLDINGS	%
1	FOREMOST EQUALS SDN BHD	10,822,750	50.260
2	SUPERB SENSE SDN BHD	875,000	4.063
3	LIM JIT HAI	380,200	1.766
4	LEE AH SEE	357,031	1.658
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHAI HWEE LIN (MY0985)	354,900	1.648
6	CHUA ENG KIAT	334,000	1.551
7	ANG SEE MING	307,390	1.427
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHO MING WEI (MY2886)	304,300	1.413
9	SENSIBLE MATRIX SDN BHD	277,217	1.287
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (E-PDG)	248,400	1.154
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	245,350	1.139
12	ANG POON KHIM	241,975	1.124
13	ANG POON SEONG	228,965	1.063
14	ANG POON CHUAN	220,469	1.024
15	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH YEW PENG	200,000	0.929
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIEW CHIENG SIEW (KUCHING-CL)	164,300	0.763
17	RAJAN A/L KARUNAKARAN	158,000	0.734
18	YONG CHEE HOO	150,000	0.697
19	ANG POON CHUAN	147,300	0.684
20	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LIM SOON AIK	140,000	0.650
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVAN A/L DINASAN	116,700	0.542
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI SHIH CHAU	110,000	0.511
23	CHEAM HENG MING	105,500	0.490
24	CHOY WEE CHIAP	101,600	0.472
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD DEVAN A/L DINASAN	86,750	0.403
26	IGMOBILE HOLDINGS SDN BHD	76,000	0.353
27	ANG POON SHEN	74,836	0.348
28	TEH BOON YEN	71,113	0.330
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR CHIEW CHIENG SIEW (MK0111)	70,000	0.325
30	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POON WAI MUN	70,000	0.325
TOTAL:		17,040,046	79.133

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting ("AGM") of shareholders of the Company will be held at Amber and Sapphire Hall, 1st Floor, Purest Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Wednesday, 26 June 2019 at 11:00 a.m. to transact the following business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 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 2018. Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution :
 - (a) Dato' Kang Pang Kiang Ordinary Resolution 2
 - (b) DYT M Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin Ordinary Resolution 3
 - (c) Tengku Muzzammil Bin Tengku Makram Ordinary Resolution 4
4. To approve the Fees and Benefits of up to an aggregate amount of RM710,000 for the period commencing this AGM through to the next AGM of the Company in 2019. Ordinary Resolution 5
5. To re-appoint 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 75 and 76 of the Companies Act 2016** Ordinary Resolution 7
 "THAT subject always to the Companies Act 2016 ("Act"), the 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 75 and 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 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 RM35.23 million of the Company as at 31 December 2018;
 - iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
 - a) the conclusion of the next Annual General Meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the 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 between the Company and/or its Subsidiaries**

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 2019 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 Constitution.

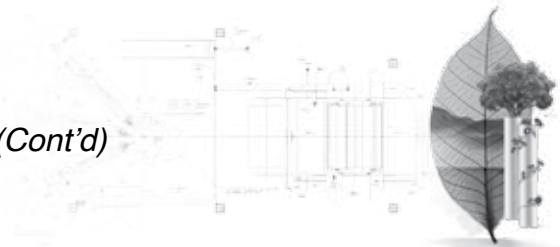
NOTICE OF DIVIDEND ENTITLEMENT

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 p.m. on 8 August 2019 in respect of ordinary transfers; and
- b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

The final single tier dividend, if approved, will be paid on 28 August 2019 to depositors registered in the Records of Depositors at the close of business on 8 August 2019.

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 2019

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it may holds with ordinary stocks of the Company standing to the credit of the said securities account.
5. 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 shall be 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 authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 18 June 2019 (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 will be paid to the Directors upon completion of service by the said Directors. The Benefits comprise of meeting allowance and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next AGM of the Company.
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 28 June 2018 and which will lapse at the conclusion of the Twenty-Fourth 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 13,713,975 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.
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 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)

24th Annual General Meeting

Administrative Details

Day and Date	Wednesday, 26 June 2019
Time	11.00 am
Venue	Amber and Sapphire Hall, 1st Floor, Purest Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah

REGISTRATION

1. Registration will commence at 10.00 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. An access card will be given to you thereafter. No one will be allowed to enter the meeting room without the access card. There will be no replacement should you lose or misplace the access card.
4. You may proceed to the meeting room thereafter.
5. Registration must be done in person. No person is allowed to register on behalf of another.
6. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.

BUSINESS PRESENTATION

7. A briefing on the company's business updates will commence at 10.30am at the meeting venue and will end by 11.00am.

PROXY

8. A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Form of Proxy in accordance with the notes and instructions printed therein.
9. The Form of Proxy is not required if you are attending the meeting.
10. If you have submitted your Form of Proxy 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.
11. Please ensure that the original Form of Proxy is deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the meeting time. No proof of despatch of Form of Proxy will be entertained.

GENERAL MEETING RECORD OF DEPOSITORS

12. For the purpose of determining who shall be entitled to attend the 24th Annual General Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 18 June 2019 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

REFRESHMENT

13. Lunch shall be served after the meeting.

ANNUAL REPORT 2018

14. The Company's Annual Report 2018 is available on the Company's website at www.thongguan.com and Bursa Malaysia Securities Berhad' website at www.bursamalaysia.com.

AGM ENQUIRY

15. For any enquiry prior to the 24th AGM, please contact the following during office hours:
 - (a) Boardroom Corporate Services Sdn. Bhd.
(Tel +604 229 4390/ 227 7762)
 - (b) Share Registrar - Agriteum Share Registration Services Sdn. Bhd.
(Tel +604 228 2321)



FORM OF PROXY



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

No. of shares held CDS Account No.

I/We _____
(Full name in Block Letters and NRIC / Passport / Company No.)

of _____ and _____
(Address) (Tel. No.)

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

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

* and/or

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-FOURTH ANNUAL GENERAL MEETING of the Company which will be held at Amber and Sapphire Hall, 1st Floor, Purest Hotel, No. A-2, Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Wednesday, 26 June 2019 at 11:00 a.m. or at any adjournment thereof.

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

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

* Strike out whichever is not desired.

Signed this _____ day of _____ 2019

Signature of Shareholder(s)/Common Seal

Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).
3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (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.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be 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 authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 18 June 2019 (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 Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

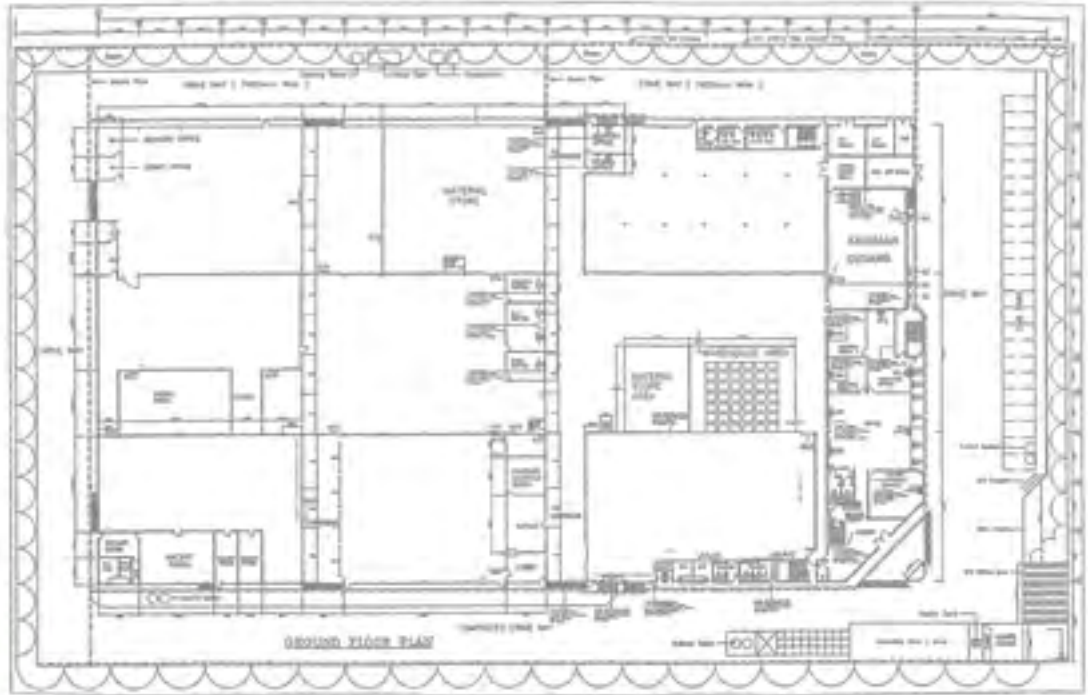
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STAMP

To: The Company Secretaries
 Thong Guan Industries Berhad

 Registered Office
 170-09-01, Livingston Tower
 Jalan Argyll, 10050 George Town
 Pulau Pinang

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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

