



Stretching in China

通源



Annual Report 2004

Thong Guan Industries Berhad
(324203-K)



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Corporate Information

Board of Directors

Ang Toon Cheng @ Ang Tong Sooi

Tengku Makram Bin Tengku Ariff

Ang Poon Chuan

Ang Toon Piah @ Ang Toon Huat

Ang Poon Seong

Ang Poon Khim

Datuk Ahmad Bin Tokimin

Lee Eng Sheng

Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah

(Chairman, Non Independent Executive Director)

(Deputy Chairman, Independent Non Executive Director)

(Managing Director)

(Non Independent Executive Director)

(Non Independent Executive Director)

(Non Independent Executive Director)

(Non Independent Non Executive Director)

(Independent Non Executive Director)

(Independent Non Executive Director)

Audit Committee

Tengku Makram Bin Tengku Ariff

(Chairman, Independent Non Executive Director)

Ang Poon Chuan

(Managing Director)

Lee Eng Sheng

(Independent Non Executive Director)

Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah

(Independent Non Executive Director)

Nomination Committee

Lee Eng Sheng

(Chairman)

Tengku Makram Bin Tengku Ariff

(Member)

Remuneration Committee

Lee Eng Sheng

(Chairman)

Tengku Makram Bin Tengku Ariff

(Member)

Ang Poon Chuan

(Member)

Registered Office

Suite 2-1, 2nd Floor, Menara Penang Garden

42A Jalan Sultan Ahmad Shah, 10050 Penang

Telephone : 04-2294390

Facsimile : 04-2265860

Principal Place of Business

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

08000 Sungai Petani, Kedah Darul Aman

Telephone : 04-4417888

Facsimile : 04-4419888

Company Secretary

Lam Voon Kean

MIA 4793

Share Registrar

AGRITEUM Share Registration Services Sdn. Bhd.

2nd Floor, Wisma Penang Garden

42 Jalan Sultan Ahmad Shah, 10050 Penang

Telephone : 04-2282321

Facsimile : 04-2272391

Auditor

KPMG

Chartered Accountants

1st Floor, Wisma Penang Garden

42 Jalan Sultan Ahmad Shah, 10050 Penang

Principal Bankers

HSBC Bank Malaysian Berhad

Hong Leong Bank Berhad

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

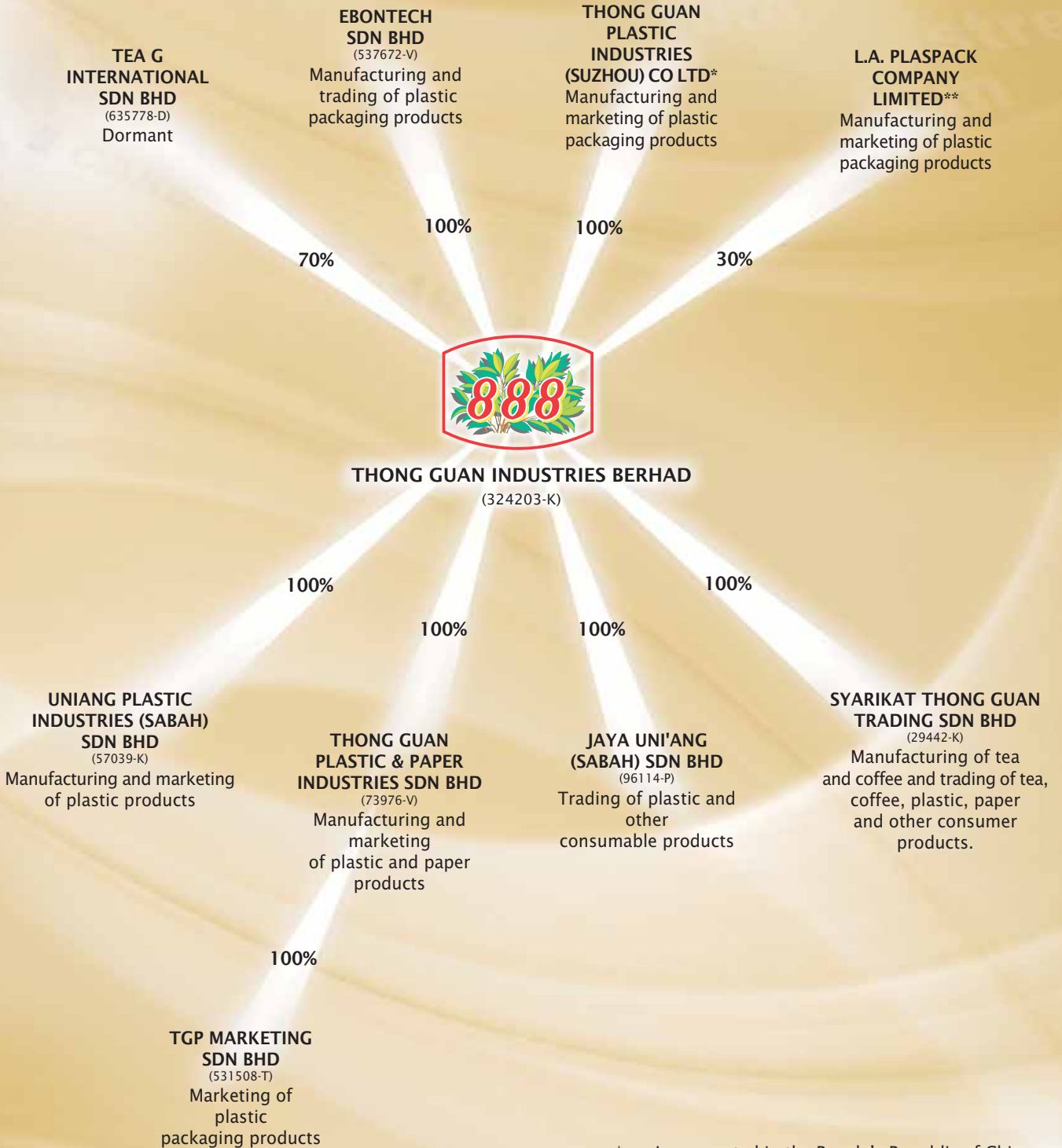
Citibank Berhad

Stock Exchange Listing

The Main Board,

Bursa Malaysia Securities Berhad

Group Structure & Principal Activities



* - Incorporated in the People's Republic of China
 ** - Incorporated in the Kingdom of Thailand



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and the Audited Accounts of Thong Guan Industries Berhad and its subsidiary companies (the Group) for the financial year ended 31 December 2004

Economic Review

The Malaysian economy pushed up a gear to register a Gross Domestic Product growth of 7.1% in 2004 (2003: 5.3%). This figure is higher than the estimated 6% - 6.5% of my last report. The balanced growth was fueled by both export and domestic demand with private sector investment growing sharply at 15.8% compared to 0.4% in 2003. This was brought about by a rebound in consumer confidence, the effect of the various pump priming measures of the Government including various tax rebates post the SARS outbreak of 2003, prevailing low interest rate environment and significant improvement in private consumption including higher tourist arrivals. Despite the softening of the global economic growth in the second half of the year amidst soaring oil prices, the Malaysian economy remained resilient with all sectors of the economy except construction with the completion of several large infrastructure projects charting commendable growth rates.

Ang Toon Cheng @ Ang Tong Sooi
Chairman, Non Independent Executive Director

The continued softening of the United States (US) dollar brought the US interest rates higher. Despite the rise of rates in the US, the prevailing Malaysian overnight interbank rate of 2.7% remained unchanged throughout the year with sufficient liquidity in the market. Consumer price index was controlled at 1.4% against 1.2% in 2003.

Industry Trends & Development

The manufacturing sector was the driver of growth in Malaysia registering an impressive expansion of 9.8% (2003: 8.2%) boosted by the uptrend in global electronics cycle and strong domestic demand.

The total turnover of the Malaysian Plastic industry grew by an estimated 18% to approximately RM 11.1 billion from the 7% rate achieved in 2003. This is also higher than the 8% to 10% growth estimated in my last report. Half of the total production are exported out of Malaysia. This unusually high increase was influenced by the sharp rise of the price of plastic polymers in reaction to the soaring oil and gas prices and acute shortage experienced in the second half of the year especially with strong demand from China. The average price of plastic resin were estimated to have increased by between 80% to 100% in 2004. Average price of polyethylene for example has soared from USD 600 per metric ton in Early 2004 to USD 1,100 per metric ton by the end of the year. Discounting the price factor, the real growth for 2004 in terms of volume increase is estimated at 9%.

The packaging sub-sector which grew 21% against 7% growth in 2003 continued its dominance contributing 37% share to the pie or RM 4.1 billion in value terms. Total export of the packaging sub-sector increased 18% to RM 3.8 billion with significant increase in industrial packaging film, mainly stretch film.

Source: The Malaysian Plastic Manufacturers Association (MPMA)

Chairman's Statement



Group Performance

The Group achieved another year of record profitability and revenue in 2004 with pretax profit and revenue crossing the RM 30 million and RM 300 million marks respectively. The Group achieved a pretax profit of RM30.1 million an increase of 24.4% over the RM 24.2 million achieved in 2003. Earnings per share improved to 40.6 sen from 33.9 sen in 2003, an increase of 19.8%. Group revenue increased by 42.2% from RM 226.3 million to RM 321.7 million. The growth in profitability was attributable to a culmination of factors including the growth of revenue mainly from export sales, the increasing contribution from the Group's China based operation, the weak US dollars which made export conducive and the economies of scale enjoyed by the Group with its increasing production volume. Turnover growth was mainly attributable to increase export sales, contribution from the Group's China operations and price increase due to the soaring raw material price. Discounting the price increase factor, the Group's growth in terms of volume is approximately 22%.

Dividend

The Board of Directors is pleased to propose a final tax-exempt dividend of 5 sen per ordinary share amounting to approximately RM 5.3 million or 19.8% of profit after tax and minority interest for the year ended 31 December 2004 (2003: 5sen, RM 3.3 million, 15.2%). Whilst the rate has remained unchanged over the previous years, the quantum has actually increased by 60.6% over the amount paid in 2003. While mindful of the Group's need for cashflows in its continued expansion quest, this is also consistent with the Group's policy of rewarding its shareholders for their continued support and confidence.

Prospects

Going forward, the outlook for 2005 will generally remain favourable. However, the International Monetary Fund (IMF) has projected the global GDP growth to moderate to 4.0% from 4.8% in 2004 on account of high oil prices, inflationary pressure, interest rate hike and slowdown of growth in China. Growth in major economies namely the US, European Union and Japan are forecast to remain favourable at 3.5%, 1.6% and 0.8% respectively while that of East Asian region, excluding Japan is expected to expand by 6.5%. Bank Negara Malaysia (BNM) has charted the Malaysian GDP growth to be at a slower rate of between 5% to 6% in 2005.

BNM has also projected the manufacturing sector in Malaysia to grow at a slower pace of 4.5% in 2005 as the demand for electronics products tapers in the global semiconductor cycle as evident in the Fourth Quarter of 2004. The MPMA has projected a moderate growth for the plastic industry in 2005 on the back of slower growth projection for the Malaysian economy and the manufacturing sector. The high raw material price which is expected to last until late 2006 is also a concern affecting growth prospect.

Though the general economic conditions are expected to moderate slightly in 2005, the Group are still optimistic that the overall environment will provide a conducive platform for its continued growth. In particular the sustained weak US dollar will be favourable for its export growth both in Malaysia and China. The low interest rate regime works well for its capital expenditure and working capital financing. The strong growth of the usage of disposable plastic packaging in particular stretch film and the current shortage of stretch film in the US provide an opportunity for the Group. The projected sustainable rapid growth in China of around 8% in the medium to long term augurs well for the Group's expansion plan. The Group will build on the strong momentum of its continued export growth and expansion of its operations in China while consolidating its position as one of the largest producer of stretch film in Asia Pacific. It is also positioning itself to be one of the largest producers of stretch film in the world in the next five years. The Group is optimistic that it will be able to improve on its 2004 financial performance for 2005.

Acknowledgements

On 11 August 2004, we welcomed Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah to the Board of Directors as an Independent Non-Executive Director. Dato' Paduka Syed Mansor was also appointed a member of the Audit Committee. Dato' Paduka Syed Mansor had a distinguished career serving the Kedah State Civil Service including the position of State Director of Land and Mines and the highest post in the service, the State Secretary. His experience and exposure will contribute immensely to the continued growth and development of the Group. On 14 April 2005, we were saddened by the demise of my nephew, Mr Ang Poon Kang after a long battle with cancer. On behalf of the Board and Management, I wish to extend our deepest condolences to his family. I wish to place on record our appreciation and gratitude to Mr Ang Poon Kang for his past contributions to the Group.

On behalf of the Board of Directors, I would like to extend our gratitude to the management and staff of the Group for their dedication and commitment which have enabled the Group to once again achieve record profitability and revenue. I would also like to thank my fellow Directors for their invaluable support and advice and to our shareholders, business partners, advisers and customers for their valued support and confidence in the Group.

Ang Toon Cheng
Chairman



Directors' Profile



Mr Ang Toon Cheng @ Ang Tong Sooi, aged 78, Malaysian, was appointed as the Non-Independent Executive Chairman of Thong Guan Industries Berhad (TGI) on 18 September 1997. He finished his high school and was the co-founder of Thong Guan's initial operation in 1942. He has accumulated a wealth of business experience in the fields of beverages, plastics and trading businesses and has guided the company over the years in its expansion path. Mr Ang was the past Presidents of the Malaysian Tea Merchants Association and the Malaysian Plastic Manufacturers Association (MPMA) (Northern Branch). He was also active in community activities and was the former Chairman, Merbok Division of the MCA and the past Vice President of the Malaysian Table Tennis Association.

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

YM Tengku Makram Bin Tengku Ariff, aged 54, Malaysian, was appointed as the Independent Non-Executive Deputy Chairman on 18 September 1997. Tengku Makram completed his middle certificate of education (MCE) and served in the Royal Malaysian Armed Forces before venturing into business. He was involved in property development and construction and operates a motorcar distribution dealership.

He serves as the Chairman of the Audit Committee of TGI. He is also a member of the Nomination and Remuneration Committees of TGI. He has attended all the six Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He is also the Directors of Kemayan Corporation Bhd and Tien Wah Press Holdings Berhad. He had no conviction for offences within the past 10 years.



Mr Ang Poon Chuan, aged 61, Malaysian, was appointed as the Managing Director on 18 September 1997. He completed his MCE prior to joining Thong Guan as a Marketing Executive in 1965. He rose through the ranks to the position of Managing Director of Syarikat Thong Guan Trading Sdn. Bhd and Thong Guan Plastic & Paper Inds. Sdn. Bhd., both currently are wholly owned subsidiary of TGI in 1983. During his 40 years of service, he has gained extensive knowledge of the plastic, paper, food, beverages and trading business and has developed invaluable business acumen and foresight that has shaped TGI to its present stature. He is a well respected figure in the plastic industry and was the former President of the MPMA (Northern Branch).

He serves as the Chairman of the Employees' Share Option Scheme Committee and a member of the Audit and Remuneration Committees. He has attended all the six Board meetings held for the financial year. He is the son of Mr Ang Toon Cheng and the brother of Mr Ang Poon Khim and Mr Ang Poon Seong. He is a major shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.

Directors' Profile



Mr Ang Toon Piah @ Ang Toon Huat, aged 76, Malaysian, was appointed as the Non-Independent Executive Director on 18 September 1997. He finished his middle high school and co-founded Thong Guan's initial operation in 1942. He has gained more than 50 years experience in the Business of TGI having played major roles in its growth from a small trading outfit engaged in van sales to a reputable public company.

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

Mr Ang Poon Khim, aged 51, Malaysian, was appointed as the Non-Independent Executive Director on 18 September 1997. He obtained a Bachelor of Science (Hons) degree in Mechanical Engineering from Teeside Polytechnic, United Kingdom in 1980. He joined Thong Guan in 1981 after a spell as a Test Engineer at Advance Micro Devices (Export) Sdn. Bhd. He has contributed to developing the production processes and was instrumental in developing the industrial and export sales of TGI. He is presently the Operations Director and is responsible for overseeing the production and sales functions of TGI.

He serves as a member of the Employee's Share Option Scheme Committee. He has attended all the six Board meetings held for the financial year. He is the son of Mr Ang Toon Cheng and the brother of Mr Ang Poon Chuan and Mr Ang Poon Seong. He is a major shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.



Mr Ang Poon Seong, aged 49, Malaysian, was appointed as the Non-Independent Executive Director on 18 September 1997. He is the Managing Director of Jaya Uniang (Sabah) Sdn. Bhd. and Uni'ang Plastic Inds. (Sabah) Sdn. Bhd., both are currently wholly owned subsidiary of TGI. He completed his MCE and joined Thong Guan as a Marketing Executive in 1976 and was sent to Sabah to spearhead the Company's expansion there in 1980. Under his stewardship, the Sabah operations has grown to be the largest plastic packaging manufacturer in Sabah. He is also the President of the MPMA (Sabah Branch) and the President of the Federation of Sabah Manufacturers.

He serves as a member of the Employees' Share Options Scheme Committee. He has attended all the six Board meetings held for the financial year. He is the son of Mr Ang Toon Cheng and the brother of Mr Ang Poon Chuan and Mr Ang Poon Khim. He is a major shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the notes to the financial statements and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.



Directors' Profile



Datuk Ahmad Bin Tokimin, aged 61, Malaysian, was appointed as a Non-Independent Non-Executive Director on 6 October 2000. He obtained a Masters Degree in Public Administration from University of Wisconsin, United States in 1979 and a Bachelor of Arts (Hons) Social Science from University of Exeter, United Kingdom in 1969. He also holds a Diploma in Public Administration (University Malaya) and a Diploma in Islamic Studies (Universiti Kebangsaan Malaysia). He was with Government services for more than 20 years and has held various senior positions including that of Director General of Federal Agriculture Marketing Authority, Director of Federal Development Department (Sabah) and Deputy Secretary Generals of both the Ministry of Defence and Ministry of Education.

He has attended all the six Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and does not hold any other directorship in public companies. He had no conviction for offences within the past 10 years.

Mr Lee Eng Sheng, aged 42, Malaysian, was appointed as the Independent Non-Executive Director on 28 March 2002. He obtained a Bachelor of Accountancy (Hons) Degree from Universiti Utara Malaysia. Mr Lee is a member of the Malaysian Institute of Accountants and Financial Planning Association of Malaysia. He has worked in the accounting and finance fields in various capacities since 1988 and is presently the Finance Director of publicly listed Chee Wah Corporation Berhad.

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



Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah, aged 70, Malaysian, was appointed as the Independent Non-Executive Director on 11 August 2004. He graduated from the University of Malaya, Singapore before he entered the Kedah State Civil Service. He rose through the ranks and was appointed State Director of Land and Mines, State Financial Officer and finally the State Secretary before retiring in November, 1989.

He serves as a member of Audit Committee of TGI. He has attended all the three Board meetings held for the financial year since his appointment. He does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company. He also sits on the Boards of Sriwani Holdings Berhad, Yayasan Kedah Berhad and Yayasan Sultanah Bahiyah Berhad. He had no conviction for offence within the past 10 years.

Corporate Governance Statement



The Board of Directors of Thong Guan Industries Berhad (the “Board”) fully committed to and support the Malaysian Code on Corporate Governance (the “Code”) and the Listing Requirements (the “Listing Requirements”) of the Bursa Malaysia Securities Berhad (“BMSB”). The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

The Board continuously evaluates the status of the Group’s corporate governance practices and procedures with a view to adopt and apply, where practicable, the Principles and Best Practices set out in Part 1 and 2 respectively of the Code in seeking to safeguard the interest of all shareholders and to enhance shareholder value.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year, unless otherwise stated.

Principle Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the headings of Board of Directors, Directors’ Remuneration, Shareholders and Accountability and Audit.

A. Board of Directors

Board duties and responsibilities

The Group acknowledges the pivotal role played by the Board of Directors in the stewardship of its direction and operations, and ultimately to enhance long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including the strategic direction, establishing goals for the management and monitoring the achievement of these goals.

The Board delegates the day-to-day operations of the Group to the Executive Directors, who have vast experience in the business of the Group.

Meetings

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent or important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group’s financial results, major investment, strategic decisions and the business plan and direction of the Group.

Board papers, minutes of previous meetings and agenda are circulated within reasonable time prior to meetings to give the Directors sufficient time to evaluate and address the issues concerned. During the meetings, the Board is briefed by the Managing Director and where appropriate, Board papers that encompass both financial and non-financial information are made available to Directors. This enables the Directors to obtain further explanations where necessary. All proceedings from the Board meetings are minuted and signed by the Chairman of the meeting.

Details of each Director’s meeting attendance during the financial year are as follows:

| Director | Attendance |
|---|------------|
| Ang Toon Cheng @ Ang Toon Sooi | 5 / 6 |
| Tengku Makram Bin Tengku Ariff | 6 / 6 |
| Ang Poon Chuan | 6 / 6 |
| Ang Toon Piah @ Ang Toon Huat | 6 / 6 |
| Ang Poon Seong | 6 / 6 |
| Ang Poon Kang (<i>Deceased on 14-4-2005</i>) | 4 / 6 |
| Ang Poon Khim | 6 / 6 |
| Datuk Ahmad Bin Tokimin | 6 / 6 |
| Lee Eng Sheng | 6 / 6 |
| Dato’ Paduka Syed Mansor Bin Syed Kassim Barakbah (<i>Appointed on 11-8-2004</i>) | 3 / 3 |



Corporate Governance Statement

Board Committees

The Board delegates appropriate responsibilities to the various Board Committees, namely Audit Committee, Nominating Committee and Remuneration Committee, so as to enhance business and operational efficiency and efficacy. Terms of reference as well as operating procedures have been established for all Board Committees and the Board receives reports of their proceedings and deliberations. The Chairman of the various Committees report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

Board balance

As at the date of this statement, the Board consists of nine (9) members, three (3) are Independent Non-Executive Directors within the meaning of Chapter 1.01 of the Listing Requirements, one (1) Non-Independent Non-Executive Director and five (5) Non-Independent Executive Directors. The majority of the Board comprises independent Directors and this complies with Paragraph 15.02 of the Listing Requirements which requires that at least two Directors or one-third of the Board of the Company, whichever is the highest, are independent Directors.

The Board has within it, professionals drawn from varied backgrounds who bring with them in-depth and diverse experience and expertise to the Group's business operations. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals committed to business integrity and professionalism in all areas of its activities. A brief profile of each Director is presented on pages 6 to 8 of this Annual Report.

There is clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decision. The presence of Independent Non-Executive Director is essential as they provide an unbiased and independent view, advice and judgement as well as to safeguard the interest not only of the Group, but also shareholders, employees, customers, supplier and the community in general.

The Board notes the Code's recommendations that a Senior Independent Non-Executive Director to whom concerns of other Board members may be conveyed be identified and has, accordingly, appointed Tengku Makram Bin Tengku Arriff as the Senior Independent Non-Executive Director.

The Board is of the view that its current size is adequate whilst the experience of its members enables it to effectively discharge its responsibilities. In addition, the Board believes that the current composition of members fairly reflects the investment of minority shareholders in the Company.

Supply of information

The Chairman ensures that all Directors have full and timely access to information with Board papers and agenda on matters requiring 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, in order to be sufficiently briefed and prepared before the meeting.

Every Director also has unhindered access to the advice and services of the Company Secretary and may take independent professional advice, at the Company's expense, in furtherance of their duty if so required.

Directors' training

All the Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by KLSE Training Sdn. Bhd. During the year, the Directors also attended the BMSB accredited Continuing Education Programme for directors of public listed companies. The Directors will continue to undergo other relevant training programmes to further enhance their skills and knowledge where relevant.

Appointment to the Board

Nominating Committee

A Nomination Committee was established by the Board on 20 November 2002 and comprises the following members:

| | | |
|--------------------------------|---|--|
| Lee Eng Sheng | - | Chairman, Independent Non-Executive Director |
| Tengku Makram Bin Tengku Ariff | - | Member, Independent Non-Executive Director |

Corporate Governance Statement



Nominating Committee (cont'd)

The Board appoints its members through a formal and transparent process via the Nominating Committee. The Nominating Committee is entrusted to bring to the Board recommendations on the appointment of new Directors. Additionally, under its terms of reference, the Nominating Committee reviews the Board structure, size and composition and systematically assesses the effectiveness of the Board, its Committees and the contribution of each individual Director on an annual basis. The Nominating Committee is empowered to seek professional advice within or outside the Group as it considers necessary in the discharge of its responsibilities.

During the financial year, the Committee met once, attended by all members, to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Annual General Meeting, adopted the terms of reference and carried out annual appraisal to assess the effectiveness of the Board as a whole.

The Company Secretary will ensure that all the necessary information is obtained and that all legal and regulatory obligations are met before any new Directors are appointed.

Re-election of Directors

The Company's Articles of Association provide that one-third of the Board, including the Managing Director, is subject to retirement by rotation at each Annual General Meeting ("AGM"). In any case, each Director shall retire from office at least once in every three (3) years. These retiring Directors shall be eligible for re-election. Newly appointed Directors shall hold office until the next AGM and shall be eligible for re-election. According to Section 129(6) of the Companies Act 1965, Directors over seventy (70) years of age are required to submit themselves for re-appointment annually. Such provisions provide an opportunity for shareholders to renew or repel their mandate. The election of each Director is voted on separately. To assist shareholders in their decision, relevant information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the AGM.

B. Directors' Remuneration

The annual fees payable to Directors are approved by shareholders at the Annual General Meeting.

The Remuneration Committee, established on 20 November 2002, comprises the following members:

| | | |
|--------------------------------|---|--|
| Lee Eng Sheng | - | Chairman, Independent Non-Executive Director |
| Ang Poon Chuan | - | Member, Managing Director |
| Tengku Makram Bin Tengku Ariff | - | Member, Independent Non-Executive Director |

The Remuneration Committee is responsible for developing and recommending remuneration framework for Directors as well as the remuneration package for the Executive Directors of the Company. However, the adoption of remuneration packages for Directors is a matter for the Board as a whole, with individual Directors abstaining from decision-making in respect of his remuneration package. During the financial year, the Committee called for one meeting and all members were attended.

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year, are as follows:

| | Fees RM | Salaries RM | Bonuses RM | Other emoluments RM |
|-------------------------|------------|----------------|---------------|---------------------------|
| Executive Directors | 282,000 | 1,172,100 | 356,200 | 156,048 |
| Non-Executive Directors | 85,400 | - | - | 16,500 |



Corporate Governance Statement

B. Directors' Remuneration (cont'd)

The remuneration of Directors, analysed into bands of RM50,000 each for the year ended 31 December 2004, is summarised as follows:

| Range of Remuneration | Number of Directors | |
|------------------------|---------------------|-------------------------|
| | Executive Directors | Non-Executive Directors |
| Below RM50,000 | - | 4 |
| RM50,001 to RM100,000 | - | - |
| RM100,001 to RM150,000 | 1 | - |
| RM150,001 to RM200,000 | 2 | - |
| RM200,001 to RM250,000 | - | - |
| RM250,001 to RM300,000 | - | - |
| RM300,001 to RM350,000 | 1 | - |
| RM350,001 to RM400,000 | - | - |
| RM400,001 to RM450,000 | - | - |
| RM450,001 to RM500,000 | - | - |
| RM500,001 to RM550,000 | 1 | - |
| RM550,001 to RM600,000 | - | - |
| RM600,001 to RM650,000 | 1 | - |

C. Shareholders

The Board acknowledges the importance of keeping shareholders and investors informed of the Group's business and corporate development. Timely release of quarterly financial results to the BMSB and other information and corporate actions taken by the Group that warrant an announcement to the BMSB under the Listing Requirements

The Board intends to maintain an active dialogue with shareholders. Whilst the Annual Report gives the shareholders a quick run through of the financial and operational performance of the Group, the Annual General Meeting and Extraordinary General Meeting provide a platform to shareholders to seek more information on the audited financial statements and operational matters.

While the Group endeavours to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

During the financial year, the Directors and Management met regularly with investment analyst, institutional shareholders, investors and members of the press to brief them on the operations of the Group.

D. Accountability and Audit

Financial reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of the results to shareholders as well as the Chairman's statement and review of the operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' responsibility statement in respect of the preparation of the audited financial statements

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

In preparing the financial statements, the Directors have selected and used suitable accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities.

Corporate Governance Statement



State of internal controls

The Statement on Internal Control, furnished on pages 14 to 15 of this Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 18 of this Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 16 to 17 of this Annual Report.

Compliance statement

Save as disclosed below, the Group has substantially complied with the Best Practices set out in Part 2 of the Code throughout the year:

- Pursuant to Best Practice Provision AA XIII of the Code on training to new recruits to the Board, the Company does not have a formal training programme for its new Directors since it is the Board's policy to recruit only individuals of sufficient calibre and experience to carry out the necessary duties of a Director. Anyway, the Board will review the necessity for a formal orientation programme for its new Directors from time to time.
- The Board has decided to develop position description for the Board and the Managing Director. The Board recognises the importance for a proper identification of the roles and limits of Management as well as a formal schedule on matters that require multiple Board signatures and/or Board decision and will consider enacting a Board Charter to delineate the roles and responsibilities of Executive and Non-Executive Directors.
- The Board does not have any agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expense, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.

Other Information

Non-audit fees

Non-audit fees amounting to RM78,057-00 for the Group and RM19,945-00 for the Company was paid to the external auditor of the Company for the financial year ended 31 December 2004.

Material contract

Since the end of the previous year report, the Company and Group have entered into the following material contract involving directors and major shareholders:

- (i) Sale and purchase agreement dated 27 May 2004 between Syarikat Thong Guan Trading Sdn Bhd, a wholly owned subsidiary of the Company and Bounty Values Sdn Bhd, a company in which the director has substantial financial interest, for the purchase of the property held under H.S.(D)191571, P.T.D.89829 Mukim Pelentung, Daerah Johor Bharu, Negeri Johor for a cash consideration of RM540,000; and
- (ii) Sale and purchase agreement dated 27 May 2004 between Thong Guan Plastic & Paper Industries Sdn Bhd, a wholly owned subsidiary of the Company and T.G. Plastic Pack (Export) Sdn Bhd, a company in which certain directors have substantial financial interest, for the purchase of the property held under H.S.(D)100/92, P.T.No.18878, Mukim Sungai Petani, Daerah Kuala Muda, Negeri Kedah for a cash consideration of RM6,200,000.



Statement On Internal Control

Introduction

Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its Annual Report a statement about the state of internal control of the listed issuer as a group. As the Board is committed to maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets, it is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2004.

Board responsibility

The Board acknowledges its responsibility for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework, as well as reviewing its adequacy and integrity. In consideration of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organizational, operational and compliance controls and risk management.

Following the publication of the Statement on Internal Control: Guidance for Directors of Public Listed Companies (the "Internal Control Guidance"), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Company and certain selected subsidiaries that accords with the Internal Control Guidance.

Risk management framework

The Board fully supports the Internal Control Guidance and accordingly, has in 2003, appointed a firm of consultants to carry out an Enterprise Risk Management ("ERM") review of selected pilot companies (comprising the Company and 2 subsidiaries) in the Group. As an extension of its initiatives to embed good corporate governance practices, the Board commissioned the same firm of consultants to roll out the ERM review to subsidiaries in Sabah. The review was completed and the relevant reports were issued to the Audit Committee in April 2004.

The main objective of the review is to formalize and embed a risk management process across the Group in order to sensitise all employees within the Group to risk identification, evaluation, control, ongoing monitoring and reporting. The formalization of the enterprise risk management framework encompasses the following key elements:

- A database of all principal business risks and controls has been created, and the information filtered to produce a detailed risk register and individual risk profiles for the pilot companies. Key risks to each major business unit's objectives, aligned with the Group's strategic objectives, were identified and scored for likelihood of the risks occurring and magnitude of the impact. Key management personnel in each major business unit are identified and entrusted to prepare action plans to address any risk and control issues;
- The issuance of a Risk Management Policy and Procedure document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues; and
- The execution of risk-based internal audit by an external firm of consultants to review the adequacy and integrity of the system of internal control in managing the risks faced by the pilot companies.

The next steps in the risk management processes are as follows:

- To roll out the ERM review to the other companies in the Group. Upon the identification, assessment and evaluations of all principal business risks and controls, Management will consider the residual risk treatment options and prepare the action plans, with implementation time scales to address the risk and control issues;
- To update on a regular basis the risk profiles of companies in the Group according to the risk management policy and procedure document;
- To establish and formalize the risk management reporting framework, including submission of periodic risk management reports to the RMC for onward tabling before the Board; and
- To further embed a risk aware culture and the risk management process within the Group, risk management training for selected management and staff will be conducted on an ongoing basis.

Statement On Internal Control



Internal audit function

The Group has in place an internal audit function to assist the Audit committee and Board in the discharge of its duties and responsibilities relating to the adequacy and integrity of internal controls. The internal audit carries out an ongoing evaluation of the key business processes which are significant to the operations of the Group and ensures that instituted controls are appropriate and effectively applied in addressing areas of concern.

In strengthening the internal audit function, the Board had appointed external consultants to assist in the execution of risk-based internal audit in the pilot companies. The risk-based internal audit was based on a 3-year internal audit strategy and a detailed annual internal audit plan approved by the Audit Committee. During the financial year ended 31 December 2004, the external consultants carried out 2 cycles of internal audit to test the existence and effectiveness of the system of internal control of the pilot companies. Opportunities for improvement to the system of internal control are identified and presented to the Audit Committee via internal audit reports, whilst Management formulates the relevant action plans to address the issues noted on a periodic basis. Follow up work was also performed on the implementation of action plans by Management.

The Audit Committee considers reports from internal audit and comments from Management prior to its reporting and making recommendations to the Board in strengthening risk management, internal control and governance systems.

Other risk and control processes

Besides internal audit and risk management, the Board has put in place the following pertinent measures to provide a certain level of assurance as to the operation and validity of the system on internal control as it relates to critical issues faced by the Group:

- The Board and Audit Committee rigorously review the quarterly financial results and reports and evaluate the reasons for unusual variances noted thereof;
- The close involvement of Executive Directors, who are hands-on in the operations of the Group. The Managing Director briefs the Board on significant changes in the business and external environment, which affect the operations of the Group at large;
- An organizational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established that provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on various operational areas. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of Management and, finally to the Board;
- Operating policies and procedures of a major subsidiary, which incorporate regulatory and internal requirements, are prescribed in and guided by the ISO quality management documentation, which provide a certain level of assurance on the system of internal control on operations;
- Management meetings chaired by the Managing Director are conducted regularly to review the financial performance, business development and deliberate on strategic and operational issues, especially on areas of vulnerability; and
- Where areas of improvements in the system are identified, the Board considers the recommendations made by the Audit Committee and Management.

Weaknesses in internal controls that result in material losses

There were no material losses incurred during the financial year due to weaknesses in internal control. The Board, together with Management, remains vigilant and continues to take pertinent measures to strengthen the control environment of the Group.

This Statement is issued in accordance with the minutes of the Board of Directors' meeting held on 18 May 2005.



Audit Committee Report

Audit Committee Members

The Audit Committee presently consists of the following directors:-

| | | |
|---|---|--|
| Tengku Makram Bin Tengku Ariff | - | Chairman Independent Non-Executive Director |
| Ang Poon Chuan | - | Member Managing Director |
| Lee Eng Sheng | - | Member Independent Non-Executive Director (Member of Malaysian Institute of Accountants) |
| Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (Appointed on 11 August 2004) | - | Member Independent Non-Executive Director |

Attendance of meetings

During the financial year ended 31 December 2004, the Audit Committee convened four (4) meetings to discuss the matters relating to accounting and reporting practices of the Group and Company. The details of attendance of each Audit Committee member are as follow:-

| Date of Meeting | 26-02-04 | 27-05-04 | 19-08-04 | 25-11-04 |
|--|----------|----------|----------|----------|
| Tengku Makram Bin Tengku Ariff | ✓ | ✓ | ✓ | ✓ |
| Ang Poon Chuan | ✓ | ✓ | ✓ | ✓ |
| Lee Eng Sheng | ✓ | ✓ | ✓ | ✓ |
| Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (Appointed on 11 August 2004) | - | - | ✓ | ✓ |

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary or her representative was present, by invitation in all the meetings. The Group's Senior Management, representatives of the external auditors, and representatives from the firm of consultants on the Enterprise Risk Management and outsourced internal audit also attended the meetings, upon invitation as appropriate.

Summary of activities during the financial year

The Audit Committee carried out its duties according to its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditor's scope of work and audit plans for the year. Prior to the audit, representatives from the external auditor presented their audit strategy and plan.
- Reviewed with the external auditors the results of the audit and the audit report.
- Reviewed and approved the internal audit strategy and audit plan of the year.
- Reviewed the audited financial statements of the Group and Company prior to submission to the Board of Directors for their consideration and approval.
- Reviewed the quarterly unaudited financial results announcements of the Group and the Company prior to recommending them for the Board of Directors' approval.
- Reviewed the Company's compliance in particular the quarterly and year end financial statements with the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB") and the applicable approved accounting standards issued by the Malaysia Accounting Standards Board and other relevant legal and regulatory requirement.
- Reviewed the results of the Enterprise Risk Management assignment carried out by a consultation firm.
- Reviewed the internal audit report, which highlighted the audit issues, recommendations and management's response.
- Reviewed pertinent issues which had significant impact on the result of the Group.

Audit Committee Report



Internal Audit Function

As an independent supporting division, the Internal Audit Department's primary function is to assist the Audit Committee in discharging its duties and responsibilities. The Board recognises the importance of the internal audit function and the independent status required for it to carry out its job effectively. The Internal Audit Department of the Group had been established since 16 September 2002. In order to support the internal audit function, the services of external consultants is also engaged to assist in applying risk-based internal audit in the pilot companies. Basically, they are to provide the Audit Committee with independent and objective reports on the state of internal controls of the operating units within the Group, as well as determining the extent of adherence by such units to the Group's established policies and procedures together with those imposed by the regulatory requirements of the relevant authorities.

The scopes of audit covered by the external consultants were based on the results of the Enterprise Risk Management assignment as approved by the Audit Committee prior to the commencement of the internal audit. During the year ended 31 December 2004, two other cycles of risk-based internal audit were carried out.

Terms of Reference

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee the Group's financial reporting; and
- evaluate the internal and external audit processes.

Composition

The Committee shall be elected and appointed by the Board of Directors from among its members and shall be composed of no fewer than three (3) members, with a majority of the Committee being Independent Non-Executive Directors of the Company.

The Board shall always ensure that at least one (1) member of the Committee be:

- a member of the Malaysian Institute of Accountants (MIA); or
- if he/she is not a member of MIA, he/she must have at least three (3) of working experience and:
 - he/she must have passed the examinations as specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - he/she must be a member of the associations of accountants as specified in Part II of the Accountants Act 1967.

In the event that a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent Non-Executive Director. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board of Directors.

Quorum and Committee's Procedures

The Committee shall meet at least four (4) times a year, or more often as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be the Secretary of the Committee. The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant supporting papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.



Audit Committee Report

Authority

The Committee is authorised by to seek any information it requires from any employee of the Group. All employees are directed to cooperate with any request made by the Committee. The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the Company's expense, outside legal and other independent professional advice if it considers necessary.

The Committee shall have direct communication channels with the internal and external auditors, and with the management of the Group, and shall be able to convene meetings with the external auditors whenever deemed necessary.

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities summarised as follows:

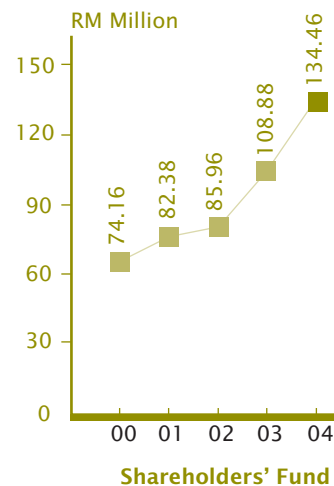
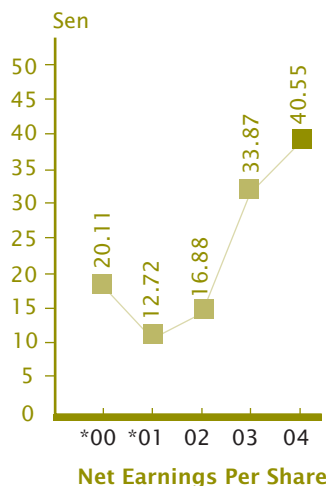
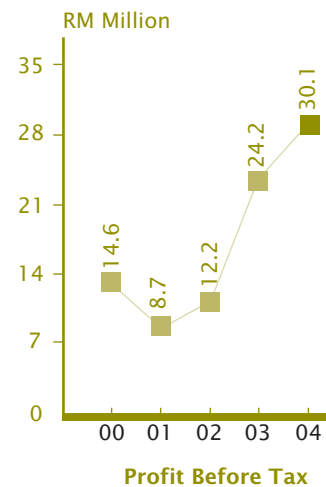
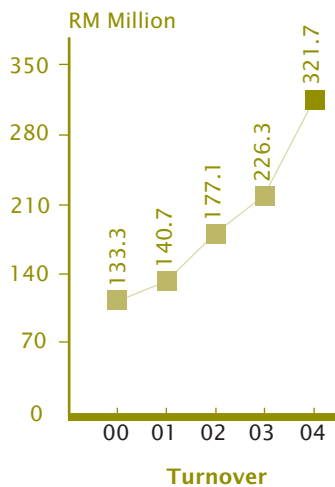
- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan.
- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified.
- Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations.
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review and recommend to the Board of Directors the Corporate Governance Statement and Statement on Internal Control in relation to internal control and the management of risk included in the annual report.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- Review the budget and staffing of the internal audit department.
- Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system and the internal auditors' and/or external auditors' evaluation of the said systems.
- Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, fraud and thefts.
- Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:
 - changes in or implementation of major accounting policies and practices;
 - significant or unusual events; and
 - compliance with accounting standards and other legal requirements.
- Review the financial reporting procedure in place to ensure that the Group is in compliance with the Company Act 1965, Listing Requirement of BMSB and other legislative and reporting requirements.
- Review any related party transaction and conflict of interest situation that may arise within the Company of the Group, including any transaction, procedure or course of conduct that raises question on management integrity.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
- Review any appraisal or assessment of the performance and any appointment or termination of members of the internal audit function.
- Review the allocation of option granted pursuant to the Employee Share Option Scheme of the Company.
- Any other activities, as authorised or instructed by the Board.

Financial Summary



| In RM'000 | 2000 | 2001 | 2002 | 2003 | 2004 |
|-------------------------------------|----------|----------|---------|---------|---------|
| Turnover | 133,326 | 140,679 | 177,137 | 226,318 | 321,701 |
| Profit Before Taxation | 14,631 | 8,726 | 12,172 | 24,158 | 30,085 |
| Profit Attributable To Shareholders | 12,291 | 7,906 | 10,750 | 21,734 | 26,805 |
| Dividends | 1,370 | 3,190 | - | 3,331 | 3,340 |
| Shareholders' Fund | 74,162 | 82,380 | 85,962 | 108,882 | 134,464 |
| In Sen | | | | | |
| Earnings Per Share | * 20.11 | * 12.72 | 16.88 | 33.87 | 40.55 |
| Net Tangible Assets Per Share | * 119.87 | * 132.44 | 134.72 | 167.52 | 201.28 |
| Gross Dividend Per Share | 5.00 | 5.00 | - | 5.00 | 5.00 |

* Adjusted for Bonus Issue (5 for 4)



* Adjusted for Bonus Issue (5 for 4)



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 2004.

Principal activities

The Company is an investment holding company and also engaged in trading of plastic and paper products, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements.

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

Results

| | Group RM | Company RM |
|-------------------------|-------------|---------------|
| Net profit for the year | 26,804,970 | 5,904,785 |

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year.

Dividends

Since the end of the previous financial year, the Company paid a final tax exempt dividend of 5% per share totaling RM3,331,450 based on the issued and paid-up share capital of 66,629,000 in respect of the year ended 31 December 2003 on 9 September 2004.

A final dividend of 5% tax exempt has been recommended by the directors in respect of the year ended 31 December 2004, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are :

| | | |
|--|---|-------------------|
| Ang Toon Cheng @ Ang Tong Sooi | - | Chairman |
| Tengku Makram Bin Tengku Ariff | - | Deputy Chairman |
| Ang Poon Chuan | - | Managing Director |
| Ang Toon Piah @ Ang Toon Huat | | |
| Ang Poon Seong | | |
| Ang Poon Kang (Deceased on 14.4.2005) | | |
| Ang Poon Khim | | |
| Datuk Ahmad Bin Tokimin | | |
| Lee Eng Sheng | | |
| Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah (Appointed on 11.8.2004) | | |

According to the Register of Directors' Shareholdings, the directors who have interests in the shares of the Company are as follows :

| The Company | ← Ordinary Shares of RM1 each → Direct Interest | | | | Balance at 31.12.2004 |
|--------------------------------|--|-------------------|--------|----------|--------------------------|
| | Balance at 1.1.2004 | ESOS Exercised | Bought | (Sold) | |
| Ang Toon Cheng @ Ang Tong Sooi | 200,250 | 30,000 | 10,000 | - | 240,250 |
| Tengku Makram Bin Tengku Ariff | 27,000 | - | - | - | 27,000 |
| Ang Poon Chuan | 369,000 | 250,000 | - | - | 619,000 |
| Ang Toon Piah @ Ang Toon Huat | 89,000 | 30,000 | - | (10,000) | 109,000 |
| Ang Poon Seong | 222,750 | 205,000 | - | (35,000) | 392,750 |
| Ang Poon Kang | 14,000 | - | - | - | 14,000 |
| Ang Poon Khim | 277,750 | 163,000 | - | (51,000) | 389,750 |

Directors' Report

for the year ended 31 December 2004



None of the other directors holding office at 31 December 2004 had any interest in the ordinary shares of the Company during the financial year.

According to the Register of Directors' Shareholdings, the directors who have interests in the Share Option of the Company are as follows :

| The Company | Option Price RM | Number of Options for Ordinary Shares | | |
|--------------------------------|--------------------|---------------------------------------|-----------------------|--------------------------|
| | | Balance at 1.1.2004 | (Option Exercised) | Balance at 31.12.2004 |
| Ang Toon Cheng @ Ang Tong Sooi | 1.22 | 30,000 | (30,000) | - |
| Ang Poon Chuan | 1.00 1.22 | 77,000 173,000 | (77,000) (173,000) | - - |
| Ang Toon Piah @ Ang Toon Huat | 1.22 | 30,000 | (30,000) | - |
| Ang Poon Seong | 1.00 1.22 | 135,000 70,000 | (135,000) (70,000) | - - |
| Ang Poon Khim | 1.00 1.22 | 68,000 95,000 | (68,000) (95,000) | - - |

Directors' benefits

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments 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 company 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 the following :

- i) Sales and purchases entered in the ordinary course of business with companies in which certain directors have substantial financial interests;
- ii) Rental payable to/receivable from companies in which certain directors have substantial financial interests; and
- iii) Purchase of land and buildings from companies in which certain directors have substantial financial interests.

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 apart from the issue of Employees' Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM64,996,000 to RM66,803,000 by the issue of 1,807,000 new ordinary shares of RM1 each at RM1.00 per share pursuant to the exercise of share options under the Company's ESOS.

These new shares are to be ranked *pari passu* in all respects with the existing ordinary shares of the Company in issue.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of ESOS.

The salient features of the scheme are as follows :

- i) Eligible employees are those full time employees of the Group who have been confirmed with at least 1 year of service before the offer date or are full time Executive Directors of the Company who are specifically approved as eligible to participate in the ESOS by the Company in Annual General Meeting;



Options granted over unissued shares (Cont'd)

- ii) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid up share capital of the Company at any time during the existence of the ESOS. However, in the event, the maximum number of shares comprise in the options granted under the ESOS exceeds the aggregate of 10% of the issued and paid up share capital of the Company as a result of the Company purchasing its own shares and thereby diminishing its issued and paid up share capital then such options granted prior to the adjustment of the issued and paid up share capital of the Company shall remain valid and exercisable;
- iii) No options shall be granted for less than 1,000 nor more than 300,000 shares to selected employee;
- iv) The option price shall be the higher of the following :
 - a) at a discount of not more than 10% from the weighted average market price of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the 5 market days preceding the date of offer; and
 - b) the par value of the shares;
- v) The ESOS shall continue to be in force for a period of 5 years commencing from 7 September 1999. However, the Company may, if the Board deems fit upon the recommendation of the option committee, renew the ESOS for a further 5 years.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

The options offered to take up unissued ordinary shares of RM1.00 each and the option prices are as follows :

| Date of offer | Option Price | Number of Option Over Ordinary Shares of RM1 each | | | Balance at 31.12.2004 |
|---------------|--------------|---|-------------|----------|-----------------------|
| | | Balance at 1.1.2004 | Exercised | Lapsed | |
| 25.11.1999 | 1.00 | 447,000 | (435,000) | (12,000) | - |
| 14.08.2003 | 1.22 | 1,379,000 | (1,372,000) | (7,000) | - |

The above options have lapsed on 6 September 2004.

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) all current assets have been stated at the lower of cost and net realisable value.

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.

Directors' Report

for the year ended 31 December 2004



Other statutory information (Cont'd)

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, except for corporate guarantees amounting to RM44,630,000 given to financial institutions for banking facilities granted to a subsidiary.

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 companies to meet their obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

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

Signed in accordance with a resolution of the directors :

.....
Ang Poon Chuan

.....
Ang Toon Piah @ Ang Toon Huat

Kedah Darul Aman,

Date : 22 April 2005



Statement By Directors And Statutory Declaration

Statement By Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the directors, the financial statements set out on pages 26 to 60, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the directors :

.....
Ang Poon Chuan

.....
Ang Toon Piah @ Ang Toon Huat

Kedah Darul Aman,

Date : 22 April 2005

Statutory Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, Ang See Ming, the officer primarily responsible for the financial management of Thong Guan Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 26 to 60 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Sungai Petani in the State of Kedah Darul Aman on 22 April 2005.

.....
Ang See Ming

Before me :

TAN HWA LIAN (K048)
Commissioner for Oaths
Sungai Petani, Kedah Darul Aman.

Report Of The Auditors To The Members



We have audited the financial statements set out on pages 26 to 60. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
 - i) the state of affairs of the Group and of the Company at 31 December 2004 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 3 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

KPMG
Firm Number : AF 0758
Chartered Accountants

Ng Swee Weng
Partner
Approval Number : 1414/03/06 (J/PH)

Penang,

Date : 22 April 2005



Consolidated Balance Sheet

at 31 December 2004

| | Note | 2004 RM | 2003 RM |
|--------------------------------------|------|--------------------|--------------------|
| Property, plant and equipment | 2 | 93,443,987 | 78,932,174 |
| Investment in associate | 4 | 1,707,201 | - |
| Current assets | | | |
| Inventories | 5 | 66,867,399 | 47,853,723 |
| Trade and other receivables | 6 | 60,602,878 | 46,799,345 |
| Cash and cash equivalents | 7 | 13,103,891 | 13,164,072 |
| | | <u>140,574,168</u> | <u>107,817,140</u> |
| Current liabilities | | | |
| Trade and other payables | 8 | 46,502,738 | 49,255,263 |
| Borrowings | 9 | 44,165,592 | 18,295,404 |
| Taxation | | 1,034,565 | 748,111 |
| | | <u>91,702,895</u> | <u>68,298,778</u> |
| Net current assets | | 48,871,273 | 39,518,362 |
| | | <u>144,022,461</u> | <u>118,450,536</u> |
| Financed by : | | | |
| Capital and reserves | | | |
| Share capital | 10 | 66,803,000 | 64,996,000 |
| Reserves | 11 | 67,660,884 | 43,885,524 |
| Shareholders' funds | | <u>134,463,884</u> | <u>108,881,524</u> |
| Minority shareholders' interests | 12 | 28,529 | - |
| Borrowings | 9 | 988,567 | 2,240,222 |
| Deferred tax liabilities | 13 | 8,541,481 | 7,328,790 |
| | | <u>144,022,461</u> | <u>118,450,536</u> |

The financial statements were approved and authorised for issue by the Board of Directors on 22 April 2005.

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Income Statement

for the year ended 31 December 2004



| | Note | 2004 RM | 2003 RM |
|---|------|---------------|---------------|
| Revenue | 15 | 321,701,402 | 226,318,081 |
| Cost of sales | | (269,359,336) | (182,457,082) |
| Gross profit | | 52,342,066 | 43,860,999 |
| Distribution costs | | (10,957,063) | (8,769,550) |
| Administrative expenses | | (13,561,217) | (14,063,616) |
| Other operating expenses | | (157,100) | - |
| Other operating income | | 3,389,964 | 4,146,099 |
| Operating profit | 16 | 31,056,650 | 25,173,932 |
| Interest expense | | (874,815) | (1,062,176) |
| Interest income | | 189,469 | 46,713 |
| Share of loss of associate | | (286,468) | - |
| Profit before tax | | 30,084,836 | 24,158,469 |
| Tax expense | 18 | (3,281,337) | (2,424,969) |
| Profit after tax | | 26,803,499 | 21,733,500 |
| Minority interest | | 1,471 | - |
| Net profit for the year | | 26,804,970 | 21,733,500 |
| Basic earnings per ordinary share (sen) | 19 | 40.55 | 33.87 |
| Diluted earnings per ordinary share (sen) | 19 | - | 33.53 |
| Dividend per ordinary share (sen) | 20 | 5.00 | 5.00 |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.



Consolidated Statement Of Changes In Equity

for the year ended 31 December 2004

| | Share Capital RM | Non- Distributable Share Premium RM | Distributable Retained Profits RM | Total RM |
|--|------------------------|---|--|-------------|
| At 1 January 2003 | 63,810,000 | - | 22,152,024 | 85,962,024 |
| Arising from issue of new ordinary shares by virtue of the exercise of option under ESOS at RM1.00 per share | 1,186,000 | - | - | 1,186,000 |
| Net profit for the year | - | - | 21,733,500 | 21,733,500 |
| At 31 December 2003 | 64,996,000 | - | 43,885,524 | 108,881,524 |
| Arising from issue of new ordinary shares by virtue of the exercise of option under ESOS at : | | | | |
| - RM1.00 per share | 435,000 | - | - | 435,000 |
| - RM1.22 per share | 1,372,000 | 301,840 | - | 1,673,840 |
| Net profit for the year | - | - | 26,804,970 | 26,804,970 |
| Dividend paid : | | | | |
| - 2003 final 5% tax exempt | - | - | (3,331,450) | (3,331,450) |
| At 31 December 2004 | 66,803,000 | 301,840 | 67,359,044 | 134,463,884 |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2004



| | 2004 RM | 2003 RM |
|---|--------------|--------------|
| Cash flows from operating activities | | |
| Profit before tax | 30,084,836 | 24,158,469 |
| Adjustments for : | | |
| Depreciation | 9,406,011 | 8,497,645 |
| Gain on disposal of plant and equipment | (255,546) | (412,572) |
| Interest income | (189,469) | (46,713) |
| Interest expense | 874,815 | 1,062,176 |
| Plant and equipment written off | - | 1,634 |
| Unrealised gain on foreign exchange | (458,397) | (780,431) |
| Share of loss in associate | 286,468 | - |
| Operating profit before working capital changes | 39,748,718 | 32,480,208 |
| Increase in inventories | (19,013,676) | (12,054,258) |
| Increase in trade and other receivables | (12,990,822) | (9,040,494) |
| (Decrease)/Increase in trade and other payables | (2,752,525) | 13,009,675 |
| Cash generated from operations | 4,991,695 | 24,395,131 |
| Interest paid | (874,815) | (1,062,176) |
| Tax paid | (2,136,506) | (1,295,509) |
| Net cash generated from operating activities | 1,980,374 | 22,037,446 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment (Note B) | (24,197,805) | (8,064,999) |
| Proceeds from disposal of plant and equipment | 645,604 | 754,049 |
| Interest received | 189,469 | 46,713 |
| Investment in associate | (1,993,669) | - |
| Net cash used in investing activities | (25,356,401) | (7,264,237) |
| Cash flows from financing activities | | |
| Proceeds from exercise of ESOS | 2,108,840 | 1,186,000 |
| Proceeds from shares issued to minority shareholders | 30,000 | - |
| Drawdown of revolving credit, net | 6,666,898 | 972,448 |
| Repayment of hire purchase obligations | (115,635) | (209,300) |
| Drawdown of term loans | 860,000 | - |
| Repayment of term loans | (4,733,798) | (3,409,577) |
| Dividend paid | (3,331,450) | - |
| Drawdown/(Repayment) of short term bank borrowings, net | 18,872,242 | (4,246,029) |
| Net cash generated from/(used in) financing activities | 20,357,097 | (5,706,458) |
| Net (decrease)/increase in cash and cash equivalents | (3,018,930) | 9,066,751 |
| Cash and cash equivalents at beginning of year | 12,310,990 | 3,244,239 |
| Cash and cash equivalents at end of year (Note A) | 9,292,060 | 12,310,990 |



Consolidated Cash Flow Statement

for the year ended 31 December 2004

Notes to consolidated cash flow statement

A) Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts :

| | 2004 RM | 2003 RM |
|---|-------------|------------|
| Short term deposits with licensed banks | 2,000,000 | 4,400,000 |
| Cash and bank balances | 11,103,891 | 8,764,072 |
| Overdrafts | (3,811,831) | (853,082) |
| | 9,292,060 | 12,310,990 |

B) Property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM24,307,882 (2003 : RM8,142,999) of which RM110,077 (2003 : RM Nil) are acquired by means of finance lease.

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.

Balance Sheet

at 31 December 2004



| | Note | 2004 RM | 2003 RM |
|-----------------------------------|------|--------------------|-------------------|
| Investment in subsidiaries | 3 | 81,817,697 | 41,384,301 |
| Investment in associate | 4 | 1,993,669 | - |
| Current assets | | | |
| Trade and other receivables | 6 | 30,554,984 | 27,557,866 |
| Cash and cash equivalents | 7 | 202,289 | 1,220,107 |
| | | <u>30,757,273</u> | <u>28,777,973</u> |
| Current liabilities | | | |
| Trade and other payables | 8 | 883,992 | 1,523,200 |
| | | <u>883,992</u> | <u>1,523,200</u> |
| Net current assets | | <u>29,873,281</u> | <u>27,254,773</u> |
| | | <u>113,684,647</u> | <u>68,639,074</u> |
| Financed by : | | | |
| Capital and reserves | | | |
| Share capital | 10 | 66,803,000 | 64,996,000 |
| Reserves | 11 | 46,881,647 | 3,643,074 |
| Shareholders' funds | | <u>113,684,647</u> | <u>68,639,074</u> |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.



Income Statement

for the year ended 31 December 2004

| | Note | 2004 RM | 2003 RM |
|--------------------------------|------|---------------------|--------------------|
| Revenue | 15 | 16,558,280 | 9,687,577 |
| Cost of sales | | <u>(10,107,864)</u> | <u>(5,752,232)</u> |
| Gross profit | | 6,450,416 | 3,935,345 |
| Administrative expenses | | (598,986) | (573,811) |
| Other operating income | | <u>53,358</u> | <u>143,728</u> |
| Operating profit | 16 | 5,904,788 | 3,505,262 |
| Interest expense | | <u>(3)</u> | <u>-</u> |
| Profit before tax | | 5,904,785 | 3,505,262 |
| Tax expense | 18 | <u>-</u> | <u>-</u> |
| Net profit for the year | | <u>5,904,785</u> | <u>3,505,262</u> |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.

Statement Of Changes In Equity

for the year ended 31 December 2004



| | Share Capital RM | ← Non-Distributable → | | Distributable Retained Profits RM | Total RM |
|--|------------------------|------------------------|------------------------------|--|-------------|
| | | Share Premium RM | Revaluation Reserve RM | | |
| At 1 January 2003 | 63,810,000 | - | - | 137,812 | 63,947,812 |
| Arising from issue of new ordinary shares by virtue of the exercise of option under ESOS at RM1.00 per share | 1,186,000 | - | - | - | 1,186,000 |
| Net profit for the year | - | - | - | 3,505,262 | 3,505,262 |
| At 31 December 2003 | 64,996,000 | - | - | 3,643,074 | 68,639,074 |
| Arising from issue of new ordinary shares by virtue of the exercise of option under ESOS : | | | | | |
| - RM1.00 per share | 435,000 | - | - | - | 435,000 |
| - RM1.22 per share | 1,372,000 | 301,840 | - | - | 1,673,840 |
| Arising from revaluation of investment in subsidiaries | - | - | 40,363,398 | - | 40,363,398 |
| Net profit for the year | - | - | - | 5,904,785 | 5,904,785 |
| Dividend paid : 2003 final 5% tax exempt | - | - | - | (3,331,450) | (3,331,450) |
| At 31 December 2004 | 66,803,000 | 301,840 | 40,363,398 | 6,216,409 | 113,684,647 |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.



Cash Flow Statement

for the year ended 31 December 2004

| | 2004 RM | 2003 RM |
|---|-------------|-------------|
| Cash flows from operating activities | | |
| Profit before tax | 5,904,785 | 3,505,262 |
| Adjustments for : | | |
| Interest income | (53,358) | (141,248) |
| Interest expense | 3 | - |
| Dividend income | (6,363,788) | (3,869,343) |
| Operating loss before working capital changes | (512,358) | (505,329) |
| (Increase)/Decrease in trade and other receivables | (2,787,958) | 2,204,881 |
| (Decrease)/Increase in trade and other payables | (639,208) | 1,014,894 |
| Cash (used in)/generated from operations | (3,939,524) | 2,714,446 |
| Dividend received | 6,154,628 | 3,834,394 |
| Interest paid | (3) | - |
| Tax refunded | - | 85,014 |
| Net cash generated from operating activities | 2,215,101 | 6,633,854 |
| Cash flows from investing activities | | |
| Interest received | 53,358 | 141,248 |
| Additional investment in an existing subsidiary | (69,998) | (2) |
| Investment in associate | (1,993,669) | (7,334,297) |
| Net cash used in investing activities | (2,010,309) | (7,193,051) |
| Cash flows from financing activities | | |
| Proceeds from exercise of ESOS | 2,108,840 | 1,186,000 |
| Dividend paid | (3,331,450) | - |
| Net cash (used in)/generated from financing activities | (1,222,610) | 1,186,000 |
| Net (decrease)/increase in cash and cash equivalents | (1,017,818) | 626,803 |
| Cash and cash equivalents at beginning of year | 1,220,107 | 593,304 |
| Cash and cash equivalents at end of year (Note 7) | 202,289 | 1,220,107 |

The notes set out on pages 35 to 60 form an integral part of, and should be read in conjunction with, these financial statements.

Notes To The Financial Statements

31 December 2004



1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the merger method of accounting except for the following subsidiaries which are consolidated using the acquisition method of accounting :

- TGP Marketing Sdn. Bhd.
- Ebontech Sdn. Bhd.
- Thong Guan Plastic Industries (Suzhou) Co., Ltd.
- Tea G International Sdn. Bhd.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the merger method of accounting, the results of the subsidiaries brought in for the first time are included in the consolidated income statement for the entire year without any adjustment in respect of that part of period prior to merger. The difference between the nominal value of the share capital issued as purchase consideration and the nominal value of the share capital of the subsidiaries acquired is taken to merger reserve.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.



Notes To The Financial Statements

31 December 2004

(d) Property, plant and equipment

Freehold land and capital expenditure in-progress are stated at cost/valuation. All other property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land and capital expenditure in-progress are not amortised. Leasehold land is amortised over the lease period as follows :

| | |
|---------------------------|---------------|
| Long term leasehold land | 99 years |
| Short term leasehold land | 39 - 60 years |

On other assets, the straight line method is used to write off the cost or valuation of the assets over the term of their expected useful lives at the following principal annual rates :

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

(e) Investments

Long term investments in subsidiaries and associate are stated at cost/valuation in the Company, less impairment losses where applicable.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average being the main basis for cost.

The cost of manufactured inventories and work-in-progress includes cost of materials, direct labour and an appropriate allocation of fixed and variable manufacturing overheads.

(g) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(h) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes To The Financial Statements

31 December 2004



(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 value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

(k) Liabilities

Borrowing and trade and other payables are stated at cost.

(l) Derivative financial instruments

The Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operational activities.

Derivative financial instruments are not recognised in the financial statements on inception.

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

(m) Foreign currency transactions

i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows :

| | | | | | |
|-------|--------|---------|-------|---|---------|
| 1 USD | RM3.80 | (2003 : | 1 USD | = | RM3.80) |
| 1 AUD | RM2.96 | (2003 : | 1 AUD | = | RM2.84) |
| 1 YEN | RM0.04 | (2003 : | 1 YEN | = | RM0.03) |
| 1 SGD | RM2.32 | (2003 : | 1 SGD | = | RM2.23) |
| 1 RMB | RM0.47 | (2003 : | 1 RMB | = | RM0.47) |



Notes To The Financial Statements

31 December 2004

(n) Hire purchase

Assets acquired under hire purchase instalment plans are capitalised as property, plant and equipment and the corresponding obligations are taken up as liabilities.

Financing charges over the hire purchase periods are allocated to the income statement using the "sum-of-digit" method.

(o) Finance leases

Leases in which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not the Group's incremental borrowing rate is used.

(p) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries and associate) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(q) Income recognition

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(r) Interest expense

All interest and other costs incurred in connection with borrowings are expensed as incurred.

Notes To The Financial Statements

31 December 2004



(s) Employee benefits

i) Short term employee benefits

Wages, salaries and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

iii) Equity compensation benefits

The share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

2. Property, plant and equipment

| GROUP | Land and buildings RM | Plant and machinery RM | Furniture, fittings and office equipment RM | Motor vehicles RM | Capital expenditure -in-progress RM | Total RM |
|---|--------------------------|---------------------------|--|----------------------|--|-------------|
| <i>Cost/Valuation</i> | | | | | | |
| At 1 January 2004 | 25,147,007 | 83,856,437 | 4,224,839 | 8,212,831 | 1,736,825 | 123,177,939 |
| Additions | 7,404,257 | 13,553,094 | 461,759 | 917,838 | 1,970,934 | 24,307,882 |
| Disposals | - | (2,180,078) | - | (471,442) | - | (2,651,520) |
| Transfer | - | - | 298,000 | - | (298,000) | - |
| At 31 December 2004 | 32,551,264 | 95,229,453 | 4,984,598 | 8,659,227 | 3,409,759 | 144,834,301 |
| <i>Accumulated depreciation</i> | | | | | | |
| At 1 January 2004 | 3,778,681 | 32,133,708 | 2,349,692 | 5,983,684 | - | 44,245,765 |
| Charge for the year | 656,843 | 7,415,003 | 475,612 | 858,553 | - | 9,406,011 |
| Disposals | - | (1,790,221) | - | (471,241) | - | (2,261,462) |
| At 31 December 2004 | 4,435,524 | 37,758,490 | 2,825,304 | 6,370,996 | - | 51,390,314 |
| <i>Net book value</i> | | | | | | |
| At 31 December 2004 | 28,115,740 | 57,470,963 | 2,159,294 | 2,288,231 | 3,409,759 | 93,443,987 |
| At 31 December 2003 | 21,368,326 | 51,722,729 | 1,875,147 | 2,229,147 | 1,736,825 | 78,932,174 |
| Depreciation charge for the year ended 31 December 2003 | 624,140 | 6,603,918 | 376,756 | 892,831 | - | 8,497,645 |



Notes To The Financial Statements

31 December 2004

2. Property, plant and equipment - Group (Cont'd)

Land and buildings comprise :

| | Cost/Valuation | | Net Book Value | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | RM | RM | RM | RM |
| At valuation | | | | |
| Freehold land | 5,839,000 | 5,839,000 | 5,839,000 | 5,839,000 |
| Long term leasehold land | 375,000 | 375,000 | 366,913 | 367,314 |
| Short term leasehold land | 3,411,370 | 3,411,370 | 2,776,833 | 2,842,830 |
| Factory buildings | 5,783,630 | 5,783,630 | 3,776,586 | 3,993,983 |
| At cost | | | | |
| Freehold land | 290,000 | - | 290,000 | - |
| Long term leasehold land | 2,234,212 | 959,212 | 2,167,182 | 914,203 |
| Factory buildings | 14,618,052 | 8,778,795 | 12,899,226 | 7,410,996 |
| | <u>32,551,264</u> | <u>25,147,007</u> | <u>28,115,740</u> | <u>21,368,326</u> |

The freehold land, leasehold land and factory buildings are shown at Directors' valuation based on a valuation exercise carried out in 1995 by an independent firm of valuers based on an open market value basis.

Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties was carried out in 1995 in conjunction with the listing exercise of the Company then and was not intended to effect a change in accounting policy to one of revaluation of properties. Hence, in accordance with the transitional provisions of the Malaysian Accounting Standards Board's approved accounting standards, International Accounting Standards 16 (Revised) : Property, Plant and Equipment which allows for the current treatment of revalued properties by the Group, the valuation in 1995 has not been updated. It is envisaged that the current market values of the revalued properties are no less than their net book values.

The net book value of those revalued assets stated at their original costs less accumulated depreciation are as follows :

| | Cost | Accumulated | Net Book |
|---------------------------|------------------|------------------|------------------|
| | RM | Depreciation | Value |
| | RM | RM | RM |
| 2004 | | | |
| Freehold land | 1,143,129 | - | 1,143,129 |
| Long term leasehold land | 934,165 | 127,754 | 806,411 |
| Short term leasehold land | 858,181 | 344,658 | 513,523 |
| Factory buildings | 3,229,681 | 1,428,020 | 1,801,661 |
| | <u>6,165,156</u> | <u>1,900,432</u> | <u>4,264,724</u> |
| 2003 | | | |
| Freehold land | 1,143,129 | - | 1,143,129 |
| Long term leasehold land | 934,165 | 115,173 | 818,992 |
| Short term leasehold land | 858,181 | 272,208 | 585,973 |
| Factory buildings | 3,229,681 | 1,294,096 | 1,935,585 |
| | <u>6,165,156</u> | <u>1,681,477</u> | <u>4,483,679</u> |

Notes To The Financial Statements

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2. Property, plant and equipment - Group (Cont'd)

Included in the net book value of property, plant and equipment are the following assets acquired under hire purchase instalment plan and lease arrangement :

| | 2004 RM | 2003 RM |
|----------------|------------|------------|
| Motor vehicles | 228,529 | 520,468 |

The amount of property, plant and equipment pledged as securities for term loans and other bank borrowings of the Group was up to the limit of RM12,420,000 (2003 : RM13,619,000). As at balance sheet date, certain charges are in the process of being discharged.

3. Investment in subsidiaries - Company

| | 2004 RM | 2003 RM |
|-------------------------------|-------------------|-------------------|
| Unquoted shares, at cost | 68,998 | 41,384,301 |
| Unquoted shares, at valuation | 81,748,699 | - |
| | <u>81,817,697</u> | <u>41,384,301</u> |

During the year, the investment in subsidiaries were revalued based on the net tangible assets per the audited financial statements of the respective companies as at 31 December 2003. The revaluation surplus arising from the revaluation has been capitalised as Asset Revaluation Reserve.

Details of subsidiaries are as follows :

| Name of Company | Principal Activities | Percentage of Equity Held | |
|---|--|---------------------------|-----------|
| | | 2004 % | 2003 % |
| Syarikat Thong Guan Trading Sdn Bhd ("STGT") | Manufacturing of tea and coffee and trading of tea and coffee, plastic and paper products, and machinery | 100 | 100 |
| Thong Guan Plastic & Paper Industries Sdn Bhd ("TGP") | Manufacture and trading of plastic and paper products | 100 | 100 |
| Subsidiary of TGP : TGP Marketing Sdn. Bhd. | Marketing of plastic packaging products | 100 | 100 |
| Uniang Plastic Industries (Sabah) Sdn Bhd ("UPI") | Manufacture and trading of plastic products | 100 | 100 |
| Jaya Uni'ang (Sabah) Sdn Bhd ("JUS") | Trading of plastic and other consumable products | 100 | 100 |
| Ebontech Sdn. Bhd | Manufacture and trading of plastic packaging products | 100 | 100 |
| Thong Guan Plastic Industries (Suzhou) Co., Ltd # | Manufacture and trading of plastic products | 100 | 100 |
| Tea G International Sdn. Bhd. | Dormant | 70 | 70 |

- Not audited by KPMG

All the subsidiaries are incorporated in Malaysia except for Thong Guan Plastic Industries (Suzhou) Co., Ltd which is incorporated in the People's Republic of China.



Notes To The Financial Statements

31 December 2004

4. Investment in associate - Group/Company

| | 2004 RM | 2003 RM |
|--------------------------------|------------------|------------|
| Unquoted shares, at cost | 1,993,669 | - |
| Share of post-acquisition loss | (286,468) | - |
| | <u>1,707,201</u> | <u>-</u> |

This is represented by :

| | | |
|-----------------------------|------------------|----------|
| Group's share of net assets | <u>1,707,201</u> | <u>-</u> |
|-----------------------------|------------------|----------|

Details of the associate is as follow :

| Name of Associate | Place of Incorporation | Percentage of Equity Held | | Principal Activity | Financial Year End |
|-------------------------|------------------------|---------------------------|-----------|--|--------------------|
| | | 2004 % | 2003 % | | |
| L.A. Plaspack Co., Ltd. | Thailand | 30 | - | Perform, produce and sell LLDPE Stretch Film | 31 October |

5. Inventories - Group

| | 2004 RM | 2003 RM |
|--------------------------|-------------------|-------------------|
| Raw materials | 49,430,467 | 35,236,528 |
| Work-in-progress | 1,219,379 | 935,154 |
| Manufactured inventories | 9,899,358 | 5,388,737 |
| Trading inventories | 6,318,195 | 6,293,304 |
| | <u>66,867,399</u> | <u>47,853,723</u> |

6. Trade and other receivables

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Trade receivables | 49,689,525 | 38,680,943 | 1,350,637 | 1,414,429 |
| Other receivables, deposits and prepayments | 10,345,209 | 7,904,572 | 2,433,455 | 1,995,669 |
| Tax refundable | 568,144 | 213,830 | 305,611 | 96,825 |
| Amount due from subsidiaries | - | - | 26,465,281 | 24,050,943 |
| | <u>60,602,878</u> | <u>46,799,345</u> | <u>30,554,984</u> | <u>27,557,866</u> |

Included in trade receivables and other receivables of the Group are amounts of RM327,871 (2003 : RM444,445) and RM Nil (2003 : RM307,610) respectively due from companies in which certain directors have substantial financial interests.

Notes To The Financial Statements

31 December 2004



6. Trade and other receivables (cont'd)

Also included in other receivables of the Group and of the Company are the following :

- i) an amount of RM4,990,992 (2003 : RM2,072,800) and RM Nil (2003 : RM Nil) representing deposits paid for the purchase of plant and equipment; and
- ii) an amount of RM2,890,595 (2003 : RM Nil) and RM2,090,350 (2003 : RM Nil) representing advances given to a company for the purpose of investment in the paid-up capital of the Company.

7. Cash and cash equivalents

| | Group | | Company | |
|---|-------------------|-------------------|----------------|------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Cash and bank balances | 11,103,891 | 8,764,072 | 202,289 | 320,107 |
| Short term deposits with licensed banks | 2,000,000 | 4,400,000 | - | 900,000 |
| | <u>13,103,891</u> | <u>13,164,072</u> | <u>202,289</u> | <u>1,220,107</u> |

8. Trade and other payables

| | Group | | Company | |
|-------------------------------------|-------------------|-------------------|----------------|------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Trade payables | 35,541,136 | 43,503,967 | - | - |
| Other payables and accrued expenses | 10,916,602 | 5,561,296 | 358,203 | 382,869 |
| Amount owing to directors | 45,000 | 190,000 | - | 150,000 |
| Amount due to a subsidiary | - | - | 525,789 | 990,331 |
| | <u>46,502,738</u> | <u>49,255,263</u> | <u>883,992</u> | <u>1,523,200</u> |

Included in trade payables and other payables of the Group are amounts of RM454,486 (2003 : RM117,276) and RM Nil (2003 : RM Nil) respectively due to companies in which certain directors have substantial financial interests.

Also included in other payables of the Group is an amount of RM6,066,000 (2003 : RM Nil) due to the vendors for the balance of the purchase price of properties acquired during the year as mentioned in Note 24.

The amounts owing to directors and a subsidiary are unsecured, interest-free and have no fixed terms of repayment.



Notes To The Financial Statements

31 December 2004

9. Borrowings - Group

| | 2004 RM | 2003 RM |
|---------------------------------|-------------------|-------------------|
| Current : | | |
| Secured | | |
| - Term loans | 666,667 | 3,338,244 |
| - Overdrafts | 3,811,402 | 851,293 |
| - Bankers' acceptances | 4,187,000 | 3,070,972 |
| - Onshore foreign currency loan | 7,366,748 | 1,371,667 |
| | 16,031,817 | 8,632,176 |
| Unsecured | | |
| - Term loans | 1,409,248 | 1,355,760 |
| - Overdrafts | 429 | 1,789 |
| - Revolving credit | 8,214,019 | 1,547,121 |
| - Onshore foreign currency loan | 18,404,056 | 6,642,923 |
| | 28,027,752 | 9,547,593 |
| Hire purchase obligations | 40,635 | 115,635 |
| Finance lease obligations | 65,388 | - |
| | <u>44,165,592</u> | <u>18,295,404</u> |
| Non-current : | | |
| Secured | | |
| - Term loans | 277,778 | 944,444 |
| Unsecured | | |
| - Term loans | 661,525 | 1,250,568 |
| Hire purchase obligations | 4,575 | 45,210 |
| Finance lease obligations | 44,689 | - |
| | <u>988,567</u> | <u>2,240,222</u> |

9.1 Terms and debt repayment schedule

9.1.1 Term loans are payable as follows :

| | Total RM | Within 1 year RM | 1 to 2 years RM | 2 to 5 years RM |
|------------------------|------------------|------------------------|--------------------|--------------------|
| As at 31 December 2004 | <u>3,015,218</u> | <u>2,075,915</u> | <u>436,557</u> | <u>502,746</u> |
| As at 31 December 2003 | <u>6,889,016</u> | <u>4,694,004</u> | <u>1,917,235</u> | <u>277,777</u> |

Notes To The Financial Statements

31 December 2004



9. Borrowings - Group (Cont'd)

9.1 Terms and debt repayment schedule (cont'd)

9.1.2 Hire purchase obligations are payable as follows :

| | 2004 | | | 2003 | | |
|-----------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
| | Payments RM | Interest RM | Principal RM | Payments RM | Interest RM | Principal RM |
| Within 1 year | 48,024 | 7,389 | 40,635 | 128,874 | 13,239 | 115,635 |
| Between 1 and 5 years | 5,390 | 815 | 4,575 | 53,414 | 8,204 | 45,210 |
| | <u>53,414</u> | <u>8,204</u> | <u>45,210</u> | <u>182,288</u> | <u>21,443</u> | <u>160,845</u> |

9.1.3 Finance lease obligations are payable as follows :

| | 2004 | | | 2003 | | |
|-----------------------|----------------|----------------|-----------------|----------------|----------------|-----------------|
| | Payments RM | Interest RM | Principal RM | Payments RM | Interest RM | Principal RM |
| Within 1 year | 71,249 | 5,861 | 65,388 | - | - | - |
| Between 1 and 5 years | 47,024 | 2,335 | 44,689 | - | - | - |
| | <u>118,273</u> | <u>8,196</u> | <u>110,077</u> | <u>-</u> | <u>-</u> | <u>-</u> |

The above bank borrowings of the Group are subject to interest at rates ranging from 2.30% to 7.33% (2003 : 1.92% to 7.25%) per annum.

Hire purchase obligations are subject to interest at rate ranging from 5% to 6% (2003 : 3.94%) per annum.

Finance lease obligations are subject to interest at rates ranging from 3.8% to 4% (2003 : Nil) per annum.

The above secured bank borrowings are secured by fixed charges over the land and factory buildings of the respective subsidiaries for which the facilities are granted.

10. Share capital

| | 2004 RM | 2003 RM |
|-----------------------------|--------------------|--------------------|
| Ordinary shares of RM1 each | | |
| Authorised | <u>500,000,000</u> | <u>500,000,000</u> |
| Issued and fully paid | | |
| Balance at 1 January | 64,996,000 | 63,810,000 |
| Exercise of ESOS | <u>1,807,000</u> | <u>1,186,000</u> |
| Balance at 31 December | <u>66,803,000</u> | <u>64,996,000</u> |

The movements during the year in the number of options over the shares of the Company are disclosed in Note 14.



Notes To The Financial Statements

31 December 2004

11. Reserves

| | Group | | Company | |
|---------------------|-------------------|-------------------|-------------------|------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Non-distributable | | | | |
| Share premium | 301,840 | - | 301,840 | - |
| Revaluation reserve | - | - | 40,363,398 | - |
| Distributable | | | | |
| Retained profits | 67,359,044 | 43,885,524 | 6,216,409 | 3,643,074 |
| | <u>67,660,884</u> | <u>43,885,524</u> | <u>46,881,647</u> | <u>3,643,074</u> |

The revaluation reserve of the Company represents unrealised surplus on revaluation of investment in subsidiaries.

Subject to agreement with the Inland Revenue Board, the Company has sufficient Section 108 tax credit and exempt income to frank/distribute its entire retained profits if paid out as dividends.

12. Minority shareholders' interests

This consists of the minority shareholders' proportion of share capital and reserves.

13. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows :

| | 2004 RM | 2003 RM |
|--|------------------|------------------|
| Property, plant and equipment | | |
| - Capital allowances in excess of depreciation | 7,323,000 | 5,893,542 |
| - Revaluation, net of related depreciation | 1,218,481 | 1,258,790 |
| - Unrealised foreign exchange gain | - | 218,521 |
| - Provision | - | (42,063) |
| Balance at 31 December | <u>8,541,481</u> | <u>7,328,790</u> |

14. Employee benefits

Share option plan

The Group offers vested share options over ordinary shares to full time executive directors and employees with at least one year of service. Movements in the number of share options held by employees are as follows :

| | Group/Company | |
|----------------------------|---------------|------------------|
| | 2004 RM | 2003 RM |
| Outstanding at 1 January | 1,826,000 | 2,134,000 |
| Granted | - | 1,379,000 |
| Exercised | (1,807,000) | (1,186,000) |
| Lapsed | (19,000) | (501,000) |
| Outstanding at 31 December | <u>-</u> | <u>1,826,000</u> |

Notes To The Financial Statements

31 December 2004



14. Employee benefits (Cont'd)

Details of share options granted during the year :

| | 2004 | 2003 |
|--|------|----------|
| Expiry date | - | 6.9.2004 |
| Exercise price per ordinary share (RM) | - | 1.22 |
| Aggregate proceeds if shares are issued (RM'000) | - | 1,682 |

Details of share options exercised during the year :

| | | |
|--|-----------|----------|
| Expiry date | 6.9.2004 | 6.9.2004 |
| Exercise price per ordinary share (RM) | 1.22/1.00 | 1.00 |
| Aggregate proceeds (RM'000) | 2,109 | 1,186 |
| Fair value at date of issue (RM'000) | 5,510 | 2,762 |

Terms of the options outstanding at 31 December :

| Expiry date | Exercise price | Number 2004 | Number 2003 |
|-------------|----------------|----------------|----------------|
| 6.9.2004 | RM1.00 | - | 447,000 |
| 6.9.2004 | RM1.22 | - | 1,379,000 |
| | | - | 1,826,000 |

15. Revenue

| | Group | | Company | |
|---|--------------------|--------------------|-------------------|------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Invoiced value of goods sold less discounts and returns | 321,701,402 | 226,318,081 | 10,194,492 | 5,818,234 |
| Dividend income from subsidiaries | - | - | 6,363,788 | 3,869,343 |
| | <u>321,701,402</u> | <u>226,318,081</u> | <u>16,558,280</u> | <u>9,687,577</u> |



Notes To The Financial Statements

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16. Operating profit

Operating profit is arrived at :

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| After charging : | | | | |
| Auditors' remuneration | | | | |
| - current year | 57,240 | 61,375 | 10,000 | 10,000 |
| - prior year | 3,700 | - | - | - |
| - fee in other services | 17,865 | - | - | - |
| Bad debts written off | 9,862 | 98,106 | - | - |
| Depreciation (Note 2) | 9,406,011 | 8,497,645 | - | - |
| Directors' emoluments | | | | |
| Directors of the Company | | | | |
| - fees - current year | 367,400 | 377,000 | 235,400 | 250,000 |
| - prior year | 5,000 | - | - | - |
| - others | 1,700,848 | 1,560,732 | - | - |
| Other Directors | | | | |
| - fees | 40,000 | 40,000 | - | - |
| - others | 91,964 | 116,268 | - | - |
| Rental premises | 1,112,290 | 1,013,610 | - | - |
| Rental of motor vehicle | 56,400 | - | - | - |
| Allowance for doubtful debts | - | 1,338,809 | - | - |
| Plant and equipment written off | - | 1,634 | - | - |
| and crediting : | | | | |
| Interest income | 189,469 | 46,713 | 53,358 | 141,248 |
| Dividend income (gross) | | | | |
| receivable from subsidiaries | - | - | 6,363,788 | 3,869,343 |
| Gain on disposal of plant and equipment | 255,546 | 412,572 | - | - |
| Gain on foreign exchange | | | | |
| - realised | 1,098,739 | 1,277,434 | - | - |
| - unrealised | 458,397 | 780,431 | - | - |
| Write back allowance for doubtful debts | 165,658 | 80,540 | - | - |
| Rental of machinery | 7,975 | - | - | - |
| Rental of building | 28,000 | - | - | - |

17. Employee information

| | Group | | Company | |
|------------------------|-------------------|-------------------|----------------|----------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Salaries and wages | 9,798,224 | 8,701,026 | 111,801 | 121,414 |
| EPF contributions | 1,070,508 | 973,424 | 10,077 | 13,854 |
| Socso contributions | 122,859 | 190,473 | 1,304 | 1,539 |
| Other related expenses | 5,369,718 | 4,657,624 | - | - |
| | <u>16,361,309</u> | <u>14,522,547</u> | <u>123,182</u> | <u>136,807</u> |

The number of employees of the Group and of the Company (including executive directors) at the end of the year was 943 (2003 : 921) and 3 (2003 : 4) respectively.

Notes To The Financial Statements

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18. Tax expense

18.1 Component of tax expense :

| | Group | | Company | |
|----------------------------------|------------------|------------------|------------|------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Current tax expense | | | | |
| - Based on results for the year | 2,017,496 | 1,909,684 | - | - |
| - Under provision in prior years | 51,150 | 14,756 | - | - |
| | <u>2,068,646</u> | <u>1,924,440</u> | - | - |
| Deferred tax expense | | | | |
| - current year | 1,116,691 | 714,453 | - | - |
| - prior years | 96,000 | (213,924) | - | - |
| | <u>1,212,691</u> | <u>500,529</u> | - | - |
| | <u>3,281,337</u> | <u>2,424,969</u> | - | - |

18.2 Reconciliation of effective tax expense

| | 2004 RM | 2003 RM |
|---|-------------------|-------------------|
| Group | | |
| Profit before tax | <u>30,084,836</u> | <u>24,158,469</u> |
| Income tax using Malaysian tax rate | 8,383,754 | 6,764,371 |
| Non-deductible expenses | 225,261 | 152,432 |
| Deferred tax benefits (recognised)/not recognised | (176,348) | 28,280 |
| Effect of tax incentive | (5,298,480) | (4,320,946) |
| | <u>3,134,187</u> | <u>2,624,137</u> |
| Under/(Over) provision in prior years | <u>147,150</u> | <u>(199,168)</u> |
| Tax expense | <u>3,281,337</u> | <u>2,424,969</u> |
| Company | | |
| Profit before tax | <u>5,904,785</u> | <u>3,505,262</u> |
| Income tax using Malaysian tax rate | 1,653,340 | 981,473 |
| Income not subject to tax | | |
| - Tax exempt dividend | (1,572,700) | (1,048,467) |
| Non-deductible expenses | 2,297 | 5,807 |
| Deferred tax benefits (recognised)/not recognised | (82,937) | 61,187 |
| | <u>-</u> | <u>-</u> |
| Tax expense | <u>-</u> | <u>-</u> |



Notes To The Financial Statements

31 December 2004

18. Tax expense (Cont'd)

No deferred tax has been recognised for the following items :

| | Group | | Company | |
|--|-----------------|------------------|-----------------|------------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| (Deductible)/Taxable temporary differences | (13,000) | 2,461,000 | - | - |
| Unabsorbed capital allowances | - | (1,680,000) | - | - |
| Unutilised tax losses | (60,000) | (1,425,000) | (17,000) | (332,000) |
| | <u>(73,000)</u> | <u>(644,000)</u> | <u>(17,000)</u> | <u>(332,000)</u> |

The unutilised tax losses and deductible temporary differences 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 profit will be available against which the Group can utilise the benefits.

19. Earnings per ordinary share - Group

i) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM26,804,970 (2003 : RM21,733,500) and the weighted average number of ordinary shares outstanding during the year of 66,100,000 (2003 : 64,158,000) calculated as follows :

Weighted average number of ordinary shares

| | 2004 '000 | 2003 '000 |
|---|---------------|---------------|
| Issued ordinary shares at beginning of year | 64,996 | 63,810 |
| Effect of shares issued during the year | 1,104 | 348 |
| Weighted average number of ordinary shares | <u>66,100</u> | <u>64,158</u> |

ii) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM Nil (2003 : RM21,733,500) and the weighted average number of ordinary shares outstanding during the year of Nil (2003 : 64,814,000) calculated as follows :

Weighted average number of ordinary shares (diluted)

| | 2004 '000 | 2003 '000 |
|--|--------------|---------------|
| Issued ordinary shares at beginning of year | - | 63,810 |
| Effect of share options | - | 1,004 |
| Weighted average number of ordinary shares (diluted) | <u>-</u> | <u>64,814</u> |

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20. Dividend

A final dividend of 5% tax exempt in respect of the financial year ended 31 December 2004 will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements do not reflect this final dividend which, when approved by shareholders, will be accounted for as an appropriation of retained profits from the shareholders' equity in the financial year ending 31 December 2005.

21. Capital commitment - Group

| | 2004 RM'000 | 2003 RM'000 |
|---|----------------|----------------|
| Property, plant and equipment | | |
| Approved but not contracted for | - | 20,585 |
| Contracted but not provided for in the financial statements | 25,726 | 6,644 |
| Investment in associate | | |
| Contracted but not provided for in the financial statement | 1,441 | - |

22. Contingent liability

| | 2004 RM'000 | 2003 RM'000 |
|------------------|----------------|----------------|
| Group | | |
| Secured | | |
| Bills discounted | - | 536 |

The bills discounted are secured by fixed charges over the entire property, plant and equipment of the subsidiary for which the facility is granted.

Company

Unsecured

- i) The Company has issued corporate guarantees to licensed banks for banking facilities granted to certain subsidiaries up to a limit of RM109.9 million (2003 : RM107.2 million) of which RM44.2 million (2003 : RM20.4 million) have been utilised as at balance sheet date.
- ii) The Company has issued corporate guarantee to a financial institution for credit facility granted to one of its subsidiaries up to a limit of RM860,000 (2003 : RM Nil) of which RM820,305 (2003 : RM Nil) has been utilised as at balance sheet date.
- iii) The Company has issued a corporate guarantee amounting to RM56.6 million (2003 : RM29.5 million) to vendors for the purchase of raw materials by certain subsidiaries. The amount owing by the subsidiaries to those vendors as at balance sheet date amounted to RM23.8 million (2003 : RM26.0 million).



23. Segmental information - Group

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest bearing loans, borrowings and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments :

| | |
|--------------------|---|
| Plastic Products | The manufacturing and trading of plastic based products |
| Food and Beverages | The manufacturing and trading of consumer food products such as tea, coffee, biscuits, snack food and curry powder |
| Others | The manufacturing and trading of products such as high density monofilament ropes, polypropylene string, paper serviette, cologne paper towel, rubber band, drinking straw, machinery, etc. |

Geographical Segments

The business segments are operated in other principal geographical areas apart from Malaysia, China and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on geographical location of assets.

Notes To The Financial Statements

31 December 2004



23. Segmental information - Group (Cont'd)

| | Plastic Products | | Food and Beverages | | Others | | Total | | Elimination | | Consolidated | |
|--|------------------|-------------|--------------------|------------|------------|------------|-------------|-------------|-------------|-------------|--------------|-------------|
| | 2004 RM | 2003 RM | 2004 RM | 2003 RM | 2004 RM | 2003 RM | 2004 RM | 2003 RM | 2004 RM | 2003 RM | 2004 RM | 2003 RM |
| Business segments | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | |
| Revenue from external customers | 298,183,961 | 203,886,086 | 16,899,529 | 14,998,477 | 6,617,912 | 7,433,518 | 321,701,402 | 226,318,081 | - | - | 321,701,402 | 226,318,081 |
| Profit After Tax | | | | | | | | | | | | |
| Segment results | 29,229,441 | 23,956,824 | 1,344,972 | 847,993 | 6,846,021 | 4,238,458 | 37,420,434 | 29,043,275 | (6,363,784) | (3,869,343) | 31,056,650 | 25,173,932 |
| Unallocated expenses | | | | | | | | | | | | |
| Operating profit | | | | | | | | | | | | |
| Interest expense | | | | | | | | | | | | |
| Interest income | | | | | | | | | | | | |
| Share of loss of associate | | | | | | | | | | | | |
| Profit before tax | | | | | | | | | | | | |
| Tax expense | | | | | | | | | | | | |
| Minority interest | | | | | | | | | | | | |
| Net profit for the year | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| Segment Assets | | | | | | | | | | | | |
| Segment assets | 209,094,696 | 161,026,989 | 13,523,409 | 13,591,303 | 10,831,906 | 11,917,192 | 233,450,011 | 186,535,484 | - | - | 233,450,011 | 186,535,484 |
| Investment in associate | 1,707,201 | | | | | | | 1,707,201 | | | 1,707,201 | |
| Unallocated assets | | | | | | | | | | | 568,144 | 213,830 |
| Total assets | | | | | | | | | | | 235,725,356 | 186,749,314 |
| Segment Liabilities | | | | | | | | | | | | |
| Segment liabilities | 44,301,257 | 47,106,306 | 1,545,813 | 1,166,083 | 655,668 | 982,874 | 46,502,738 | 49,255,263 | | | 46,502,738 | 49,255,263 |
| Unallocated liabilities | | | | | | | | | | | 45,200,157 | 19,043,515 |
| Total liabilities | | | | | | | | | | | 91,702,895 | 68,298,778 |
| Depreciation | 8,690,621 | 7,727,243 | 501,822 | 529,085 | 213,568 | 241,317 | 9,406,011 | 8,497,645 | | | 9,406,011 | 8,497,645 |
| Capital expenditure | 23,075,854 | 7,613,909 | 971,022 | 382,613 | 261,006 | 146,477 | 24,307,882 | 8,142,999 | | | 24,307,882 | 8,142,999 |
| Non-cash expenses other than depreciation and amortisation | 306,754 | 1,358,857 | 187,894 | 79,692 | | | 494,648 | 1,438,549 | | | 494,648 | 1,438,549 |



Notes To The Financial Statements

31 December 2004

23. Segmental information - Group (Cont'd)

Geographical segments

| 2004 | Other ASEAN countries | | | | | Elimination | Consolidated | | | | |
|---|-----------------------|-------------|------------|-------------|-----------|-------------|--------------|-------|----|-------------|--------------|
| | Malaysia | Japan | Others | Total | RM | | | | | | |
| Revenue | RM | RM | RM | RM | RM | RM | RM | | | | |
| Revenue from external customers | 122,273,248 | 95,946,542 | 52,397,092 | 321,701,402 | - | 321,701,402 | | | | | |
| | 51,084,520 | | | | | | | | | | |
| 2003 | Other ASEAN countries | | | | | Elimination | Consolidated | | | | |
| | Malaysia | Japan | Others | Total | RM | | | | | | |
| Revenue | RM | RM | RM | RM | RM | RM | RM | | | | |
| Revenue from external customers | 98,735,843 | 62,590,642 | 29,916,753 | 226,318,081 | - | 226,318,081 | | | | | |
| | 35,074,843 | | | | | | | | | | |
| Segment assets by location of assets | Malaysia | | | | | Thailand | | China | | Elimination | Consolidated |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | | | |
| | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| Segment assets by location of assets | 185,998,630 | 149,984,798 | 47,451,381 | 36,550,686 | 1,707,201 | - | - | - | - | 235,157,212 | 186,535,484 |
| Capital expenditure by location of assets | 20,306,479 | 5,411,087 | 4,001,403 | 2,731,912 | - | - | - | - | - | 24,307,882 | 8,142,999 |

Notes To The Financial Statements

31 December 2004



24. Related parties - Group/Company

24.1 Related party relationships

- i) Companies controlled by the Company
- subsidiaries as disclosed in Note 3
- ii) Companies in which certain directors except Tengku Makram Bin Tengku Ariff, Dato' Paduka Syed Mansor bin Syed Kassim Barakbah, Datuk Ahmad Bin Tokimin and Mr. Lee Eng Sheng are deemed to have substantial financial interests :
- Nice Saga Sdn. Bhd. ("NS")
 - Tong Yuan Enterprise Co. ("TYE")
 - Thong Guan Plastic Industries (Kelantan) Sdn. Bhd. ("TGPK")
 - Herh Fuah (Sabah) Sdn. Bhd. ("HFS")
 - T. G. Plastic Pack (Export) Sdn. Bhd. ("TGPPEX")
 - Kimanis Food Industry Sdn. Bhd. ("KFI")
 - Komet Makmur Sdn. Bhd. ("KM")
 - Kimanis Property Sdn. Bhd. ("KP")
- iii) Key management personnel, directors and persons connected with directors of the Group :
- Ang Poon Khim
 - Ang Poon Chuan
 - Ang Poon Seong
 - Ang See Ming
 - Ang See Cheong
- iv) Bounty Values Sdn Bhd ("BV")
- Ang Poon Chuan
 - Ang See Ming
 - Ang See Cheong

24.2 Related party transactions

24.2.1 Transactions with related companies :

| Company | 2004 RM | 2003 RM |
|---|---------------|----------------|
| Dividend income (gross) receivable from : | | |
| TGP | 5,616,788 | 3,869,343 |
| STGT | 747,000 | - |
| Purchases from : | | |
| TGP | 10,105,715 | 5,752,232 |
| Interest income from : | | |
| JUS | 25,000 | 129,344 |
| | <u>25,000</u> | <u>129,344</u> |



Notes To The Financial Statements

31 December 2004

24. Related parties - Group/Company (Cont'd)

24.2.2 The Group's transactions with companies in which certain directors have substantial financial interests :

i) Sales to :

| | 2004 RM | 2003 RM |
|-----|------------------|------------------|
| KFI | 1,412,223 | 590,262 |
| NS | 26,286 | 26,000 |
| HFS | 857,577 | 805,225 |
| | <u>2,296,086</u> | <u>1,421,487</u> |

ii) Purchases from :

| | 2004 RM | 2003 RM |
|-----|------------------|----------------|
| HFS | 10,122 | - |
| TYE | - | 448,400 |
| KFI | 4,961,462 | - |
| NS | 10,756 | - |
| KM | 120,417 | 130,568 |
| | <u>5,002,757</u> | <u>579,468</u> |

iii) Rental expense payable to :

| | 2004 RM | 2003 RM |
|------|----------------|----------------|
| KFI | 96,000 | - |
| TGPK | 116,400 | 116,400 |
| | <u>212,400</u> | <u>116,400</u> |

iv) Rental income receivable from :

| | 2004 RM | 2003 RM |
|----|---------------|------------|
| KP | 36,000 | - |
| | <u>36,000</u> | <u>-</u> |

The directors of the Company are of the opinion that the above transactions were entered in the normal course of business and have been established on a negotiated basis.

v) There are no individually significant outstanding balances arising from transactions other than normal trade transactions. Details of the balances are disclosed in Notes 6 and 8.

Notes To The Financial Statements

31 December 2004



24. Related parties - Group/Company (Cont'd)

24.3 There were no transactions with key management personnel and directors of the Company other than the following :

- i) Remuneration package paid to them as employees of the Group/Company.
- ii) Share options granted to key management personnel

The option over ordinary shares of the Company granted to key management personnel of the Group during the year are as follows :

| | Number of options over ordinary shares of RM1 each Granted during the year | | Unexercised option as at | |
|----------------|---|------------|--------------------------|------------|
| | 31.12.2004 | 31.12.2003 | 31.12.2004 | 31.12.2003 |
| Ang Poon Khim | - | 95,000 | - | 163,000 |
| Ang Poon Chuan | - | 173,000 | - | 250,000 |
| Ang Poon Seong | - | 70,000 | - | 205,000 |
| Ang See Ming | - | 36,000 | - | 77,000 |

The share options were given to these key management personnel under the same terms and conditions as those offered to other employees of the Group pursuant to the ESOS (Note 14).

- iii) Rental of RM165,200 (2003 : RM38,400) payable to Bounty Values Sdn. Bhd., a company in which Messrs. Ang Poon Chuan, Ang See Ming and Ang See Cheong have substantial financial interests.
- iv) The purchase of a freehold land and building for a total cash consideration of RM540,000 by STGT, a subsidiary from Bounty Values Sdn. Bhd. during the financial year.
- v) The purchase of a leasehold land and building for a total cash consideration of RM6,200,000 by TGP, a subsidiary from TGPPEX, a company in which Messrs. Ang Toon Cheng, Ang Poon Chuan, Ang Toon Piah, Ang Poon Seong, Ang Poon Kang, Ang Poon Khim and Ang See Ming have substantial financial interest during the financial year.
- vi) Rental of RM539,000 (2003 : RM588,000) payable to TGPPEX, a company in which Messrs. Ang Toon Cheng, Ang Poon Chuan, Ang Toon Piah, Ang Poon Seong, Ang Poon Kang, Ang Poon Khim and Ang See Ming have substantial financial interest during the financial year.

25. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group and Company's business. The Group and the Company have no formal financial risk management policies and guidelines which set out its overall business strategies, their tolerance to risk and their general risk management philosophy and have established processes to monitor and control the hedging of transactions in a timely and accurate manner.

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Credit risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial assets.



Notes To The Financial Statements

31 December 2004

25. Financial instruments (Cont'd)

Interest rate risk

The Group and the Company have no formal policy on interest rate risk. However, the Group and the Company manage their interest rate risk by having a combination of fixed and floating rates for their borrowings.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily Australian Dollars, Singaporean Dollars, Japanese Yen and US Dollars.

Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts. The amount of unrecognised loss associated with anticipated future transactions for the Group is RM14,211 (2003 : unrealised gain of RM249,000) and the expected timing of recognition as income is over the next six months. Where necessary, the forward 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.

Effective interest rates and repricing analysis

In respect of interest earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rate at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

| 2004 | Effective interest rate % | Total RM'000 | Within 1 year RM'000 | 1 -5 years RM'000 | After 5 years RM'000 |
|---|---------------------------|--------------|----------------------|-------------------|----------------------|
| Group | | | | | |
| Financial assets | | | | | |
| Short term deposits | 3.00 | 2,000 | 2,000 | - | - |
| Financial liabilities | | | | | |
| Secured term loans | 5.95 | 944 | 667 | 277 | - |
| Unsecured term loans | 4.88 | 2,071 | 1,409 | 662 | - |
| Secured overdrafts | 7.27 | 3,811 | 3,811 | - | - |
| Unsecured overdrafts | 7.33 | 0.5 | 0.5 | - | - |
| Secured onshore foreign currency loan | 2.30 | 7,367 | 7,367 | - | - |
| Unsecured onshore foreign currency loan | 2.49 | 18,404 | 18,404 | - | - |
| Bankers' acceptances | 3.31 | 4,187 | 4,187 | - | - |
| Revolving credit | 3.33 | 8,214 | 8,214 | - | - |

Notes To The Financial Statements

31 December 2004



25. Financial instruments (Cont'd)

| 2003 | Effective interest rate % | Total RM'000 | Within 1 year RM'000 | 1 -5 years RM'000 | After 5 years RM'000 |
|----------------------------------|---------------------------------|-----------------|----------------------------|-------------------------|----------------------------|
| Group | | | | | |
| Financial assets | | | | | |
| Short term deposits | 2.30 | 4,400 | 4,400 | - | -- |
| Financial liabilities | | | | | |
| Secured term loans | 5.85 | 4,283 | 3,338 | 667 | 278 |
| Unsecured term loans | 5.75 | 2,606 | 1,356 | 1,250 | - |
| Secured overdrafts | 7.25 | 851 | 851 | - | - |
| Unsecured overdrafts | 7.25 | 2 | 2 | - | - |
| Onshore foreign currency loan | 1.92 | 8,015 | 8,015 | - | - |
| Bankers' acceptances | 3.35 | 3,071 | 3,071 | - | - |
| Revolving credit | 2.52 | 1,547 | 1,547 | - | - |
| Company | | | | | |
| Financial assets | | | | | |
| Short term deposits | 2.30 | 900 | 900 | - | - |

Fair values*Recognised financial instruments*

The carrying amounts approximate fair values due to the relatively short-term nature of these financial instruments in respect of cash and bank balances, trade and other receivables, trade and other payables and short term borrowings.

The aggregate fair values of other financial liabilities carried on the balance sheet as at 31 December are shown below :

| | 2004 | | 2003 | |
|------------------------------|------------------------------|-------------------------|------------------------------|-------------------------|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair Value RM'000 |
| Group | | | | |
| Financial liabilities | | | | |
| Secured term loans | 277 | * 277 | 944 | * 944 |
| Unsecured term loans | 662 | * 662 | 1,251 | * 1,251 |

* The fair value of this fixed financial instrument is determined by discounting the relevant cash flows using current interest rates for similar financial instruments at the balance sheet date. Since the current interest rates do not significantly differ from the intrinsic rate of this financial instrument, the fair value of this financial instrument therefore, closely approximates its carrying value as at the balance sheet date.



Notes To The Financial Statements

31 December 2004

25. Financial instruments (Cont'd)

Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are :

| | 2004 | | 2003 | |
|------------------------------------|---------------------------|----------------------|---------------------------|----------------------|
| | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair Value RM'000 |
| Forward foreign exchange contracts | 34,425 | 34,411 | 10,828 | 11,077 |

List Of Properties Owned By The Group



| | Description | Approximate Land Area (sq. ft.) | Age of Building | Tenure | Net Book Value RM million | Date of Valuation/ Acquisition |
|--|---|---------------------------------|-----------------|---|---------------------------|--------------------------------|
| Lot No. P.T. 19449 and Lot No. 950 H.S. (M) No. 249/92 and SP 4009 Mukim of Sungai Petani District of Kuala Muda, Kedah | Factory with office building | 208,898 | 8-20 years | Freehold | 4.49 | 28.11.1995 |
| Lot P.T. 18876, H.S. (D) No. 98/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah | Factory building | 107,288 | 8 years | 60 years leasehold, expiring on 12.4.2052 | 1.91 | 28.11.1995 |
| Lot Nos. 646, 647, and 648 Mukim of Sungai Petani District of Kuala Muda, Kedah | Agriculture lands planted with oil-palm | 1,866,110 | - | Freehold | 0.69 | 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 | 20 years | 99 years leasehold, expiring on 18.7.2092 | 0.19 | 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 | 12 years | Freehold | 0.54 | 31.12.2004 |
| 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 | 11 years | 60 years leasehold, expiring on 12.4.2052 | 2.42 | 28.11.1995 |
| Lot P.T. 48288 H.S. (D) No. 12034/95 Mukim of Sungai Petani District of Kuala Muda, Kedah | Factory with office building | 339,590 | 22 years | Freehold | 4.80 | 28.11.1995 |
| Lot No. P.T.18878 H.S. (D) No. 100/92 Mukim of Sungai Petani District of Kuala Muda, Kedah | Factory with office building | 141,309 | 4 years | 60 years leasehold, expiring on 4.6.2055 | 6.44 | 31.12.2004 |



List Of Properties Owned By The Group

| | Description | Approximate Land Area (sq. ft.) | Age of Building | Tenure | Net Book Value RM million | Date of Valuation/ Acquisition |
|--|---|---------------------------------|-----------------|--|---------------------------|--------------------------------|
| CL 015276687 House 606 Taman Bay View Off Mile 21/2 Jalan Tuaran Kota Kinabalu, Sabah | Double storey intermediate terrace house | 2,178 | 26 years | 999 years leasehold, expiring on 16.6.2914 | 0.13 | 13.12.1995 |
| CL 015373672 Lorong Rambutan Off Km 11 Jalan Tuaran Kota Kinabalu, Sabah | Industrial land with factory and other buildings | 82,764 | 16 years | 60 years leasehold, expiring on 31.12.2035 | 1.41 | 13.12.1995 |
| TL 077549707 Lot 13, Hock Seng Industrial Estate Jalan Bomba, Off Km5 Jalan Utara Sandakan | Double storey semi-detached light industrial building | 5,670 | 13 years | 60 years leasehold, expiring on 31.12.2040 | 0.24 | 13.12.1995 |
| CL 105390707 Km4, Jalan Apas Tawau, Sabah | Vacant industrial land | 37,462 | - | 999 years leasehold, expiring on 21.5.2930 | 0.31 | 13.12.1995 |
| Jiulong South Road Economic Developing Area Wujiang, Jiangsu, China | Factory with office building | 315,425 | 3 years | 50 years leasehold, expiring on 31.12.2049 | 2.80 | 01.01.2000 |

Shareholdings Statistics

As At 9 May 2005



| | | |
|--------------------------|---|--|
| Authorised share capital | - | 500,000,000 ordinary shares of RM1.00 each |
| Paid up capital | - | 105,204,500 ordinary shares of RM1.00 each |
| Class of shares | - | Ordinary shares of RM1.00 each |
| Voting rights | - | One vote per ordinary share |

DISTRIBUTION OF SHAREHOLDINGS

| Size of shareholding | No. of shareholders | No. of shares held | % of issued capital |
|-------------------------|---------------------|--------------------|---------------------|
| Less than 100 | 95 | 6,665 | 0.0063 |
| 100 - 1,000 | 87 | 60,824 | 0.0578 |
| 1,001 - 10,000 | 820 | 3,262,816 | 3.1014 |
| 10,001 - 100,000 | 310 | 7,378,118 | 7.0131 |
| 100,001 - 5,260,224 | 49 | 52,592,452 | 49.9907 |
| 5,260,225 - 105,204,500 | 1 | 41,903,625 | 39.8306 |
| Total | 1,362 | 105,204,500 | 100.0000 |

DIRECTORS' SHAREHOLDINGS

| Name of Directors | Direct Interest | | Deemed Interests | |
|---|-----------------|------|------------------|---|
| | No. of shares | % | No. of shares | % |
| Ang Toon Cheng @ Ang Tong Sooi | 360,375 | 0.34 | - | - |
| Tengku Makram Bin Tengku Ariff | 40,500 | 0.04 | - | - |
| Ang Poon Chuan | 928,500 | 0.88 | - | - |
| Ang Toon Piah @ Ang Toon Huat | 163,500 | 0.16 | - | - |
| Ang Poon Seong | 589,125 | 0.56 | - | - |
| Ang Poon Khim | 590,325 | 0.56 | - | - |
| Datuk Ahmad Bin Tokimin | - | - | - | - |
| Lee Eng Sheng | - | - | - | - |
| Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah | - | - | - | - |

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

| Name of shareholders | No. of shares held | | % of issued capital |
|----------------------------|--------------------|-----------------|---------------------|
| | Direct Interest | Deemed Interest | |
| 1. Foremost Equals Sdn Bhd | 41,903,625 | - | 39.83 |



Shareholdings Statistics

As At 9 May 2005

THIRTY LARGEST SHAREHOLDERS

| | Name of shareholders | No. of shares held | % of issued capital |
|----|---|--------------------|---------------------|
| 1 | Foremost Equals Sdn Bhd | 41,903,625 | 39.8306 |
| 2 | Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera | 4,519,200 | 4.2956 |
| 3 | AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Pacific Pearl Fund | 4,148,600 | 3.9434 |
| 4 | Bumiputra-Commerce Nominees (Tempatan) Sdn Bhd Bumiputra-Commerce Trustee Berhad for Pacific Dana Aman | 3,940,500 | 3.7456 |
| 5 | Superb Sense Sdn Bhd | 3,500,000 | 3.3268 |
| 6 | AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Pacific Dividend Fund | 3,465,750 | 3.2943 |
| 7 | Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund | 3,220,950 | 3.0616 |
| 8 | Universal Trustee (Malaysia) Berhad SBB Dana Al-Azam | 3,205,950 | 3.0474 |
| 9 | Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad | 3,000,000 | 2.8516 |
| 10 | AMMB Nominees (Tempatan) Sdn Bhd AmMerchant Bank Bhd | 2,733,750 | 2.5985 |
| 11 | BHLB Trustee Berhad Pacific Recovery Fund | 2,239,350 | 2.1286 |
| 12 | SBB Nominees (Tempatan) Sdn Bhd Pertubuhan Keselamatan Sosial | 2,076,500 | 1.9738 |
| 13 | Lee Ah See | 1,751,625 | 1.6650 |
| 14 | Laser Cartel Sdn Bhd | 1,500,000 | 1.4258 |
| 15 | Sensible Matrix Sdn Bhd | 1,108,869 | 1.0540 |
| 16 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Value Fund | 1,057,000 | 1.0047 |
| 17 | Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Hidden Treasures Fund | 1,050,000 | 0.9980 |
| 18 | Ang Poon Chuan | 928,500 | 0.8826 |
| 19 | Amanah Raya Berhad SBB Value Fund | 750,000 | 0.7129 |
| 20 | TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin | 745,700 | 0.7088 |
| 21 | Universal Trustee (Malaysia) Berhad Pacific Premier Fund | 602,550 | 0.5727 |
| 22 | Ang Poon Khim | 590,325 | 0.5611 |
| 23 | Ang Poon Seong | 589,125 | 0.5600 |
| 24 | Ang See Ming | 580,508 | 0.5518 |
| 25 | Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang See Ming | 477,000 | 0.4534 |
| 26 | TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng | 447,000 | 0.4249 |
| 27 | Lim Joo Hock | 421,000 | 0.4002 |
| 28 | Lyn Hian Woon | 367,000 | 0.3488 |
| 29 | Ang Toon Cheng @ Ang Tong Sooi | 360,375 | 0.3425 |
| 30 | TA Nominees (Tempatan) Sdn Bhd | 250,100 | 0.2377 |
| | Total | 91,530,852 | 87.0028 |

Notice Of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of shareholders of the Company will be held at Tekukur Room (Lower Level 1, Main Wing), Hotel Equatorial, No. 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Monday, 27 June 2005 at 11.30a.m. to transact the following business :

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2004 and the Reports of Directors and Auditors thereon Ordinary Resolution 1
2. To approve a first and final tax exempt dividend of 5% for the year ended 31 December 2004. Ordinary Resolution 2
3. (i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :-
 - (a) Mr Ang Toon Cheng @ Ang Tong Sooi Ordinary Resolution 3
 - (b) Mr Ang Toon Piah @ Ang Toon Huat Ordinary Resolution 4
 - (c) Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah Ordinary Resolution 5
- (ii) To re-elect the following Directors who retire in accordance with Article 63 of the Company's Articles of Association :-
 - (a) Mr Ang Poon Chuan Ordinary Resolution 6
 - (b) Mr Ang Poon Seong Ordinary Resolution 7
 - (c) Mr Lee Eng Sheng Ordinary Resolution 8
4. To approve Directors' Fees of RM235,400/- for the year ended 31 December 2004. Ordinary Resolution 9
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration Ordinary Resolution 10
6. **AS SPECIAL BUSINESS**
To consider and if thought fit, to pass the following as an Ordinary Resolution :-
ORDINARY RESOLUTION
Power To Issue Shares Pursuant to Section 132D of the Companies Act, 1965
"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the next Annual General Meeting after that date is required by law to be held whichever is earlier; but any approval may be previously revoked or varied by the Company in general meeting". Ordinary Resolution 11
7. **PROPOSED AUTHORITY TO BUY-BACK ITS OWN SHARES BY THE COMPANY**
"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up capital through the Bursa Securities at anytime 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 maximum number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the issued and paid-up ordinary share capital of the Company for the time being ("TGI Shares")
 - ii) the maximum fund to be allocated by the Company for the purpose of purchasing the TGI Shares shall not exceed the aggregate of the retained profits and/or share premium account of RM6,216,409 and/or RM301,840 respectively of the Company, otherwise available for dividend for the time being, based on the latest audited financial statements as at 31 December 2004;
 - iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:-
 - a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;
 - iv) upon completion of the purchase(s) of the TGI Shares by the Company, the Directors of the Company be hereby authorised to deal with the TGI Shares in the following manner :-
 - a) to cancel the TGI Shares so purchased; or
 - b) to retain the TGI Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell 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 steps as are necessary or expedient to implement or to effect the purchase of TGI shares." Ordinary Resolution 12
8. To transact any other business of which due notice shall have been given.



Dividend Announcement

NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to the first and final tax exempt dividend only in respect of:

- a) Shares transferred into the depositor's securities account before 4.00 p.m. on 18 July 2005 in respect of ordinary transfers;
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The first and final tax exempt Dividend, if approved will be paid on 8 August 2005 to depositors registered in the Records of Depositors at the close of business on 18 July 2005.

By Order of the Board

Lam Voon Kean
Company Secretary
(MIA 4793)

Penang, 3 June 2005.

Notes:

1. *A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. Such proxy need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies under the Companies Act, 1965 in a particular case. A member may appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies to attend at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under Common Seal of the company or under the hand of an officer or attorney duly authorised.*
3. *To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.*

Explanatory Notes on Special Business:

1. *The Proposed Ordinary Resolution 11, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.*
2. *The Proposed Ordinary Resolution 12, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10,520,450 shares representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.*

Proxy Form



I/We, _____
of _____
being a member/members of the above named Company, hereby appoint _____
of _____
or failing him _____
of _____

as my/our proxy, to vote for me/us and on my/our behalf at the TENTH ANNUAL GENERAL MEETING of the Company which will be held at Tekukur Room (Lower Level 1, Main Wing), Hotel Equatorial, No. 1 Jalan Bukit Jambul, Bayan Lepas, 11900 Penang on Monday, 27 June 2005 at 11:30 a.m. or at any adjournment thereof.

| | RESOLUTIONS | FOR | AGAINST |
|----------|------------------------|-----|---------|
| 1. | Ordinary Resolution 1 | | |
| 2. | Ordinary Resolution 2 | | |
| 3(i)(a) | Ordinary Resolution 3 | | |
| 3(i)(b) | Ordinary Resolution 4 | | |
| 3(i)(c) | Ordinary Resolution 5 | | |
| 3(ii)(a) | Ordinary Resolution 6 | | |
| 3(ii)(b) | Ordinary Resolution 7 | | |
| 3(ii)(c) | Ordinary Resolution 8 | | |
| 4. | Ordinary Resolution 9 | | |
| 5. | Ordinary Resolution 10 | | |
| 6. | Ordinary Resolution 11 | | |
| 7. | Ordinary Resolution 12 | | |

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion).

Signed this _____ day of June 2005

Signature of Shareholder

| | Name of Proxy | % of shareholding |
|-----|---------------|-------------------|
| 1st | | |
| 2nd | | |

| No. of Ordinary Shares Held |
|-----------------------------|
| |

Notes :

1. A member entitled to attend and vote at this meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. Such proxy need not be a member of the Company and need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies under the Companies Act, 1965 in a particular case. A member may appoint more than two proxies to attend at the same meeting. Where a member appoints two proxies to attend at the same meeting, he shall specify the proportion of his shareholdings to be represented by each proxy.
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Please fold across the lines and close



Stamp

To : The Secretary
Thong Guan Industries Berhad
Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Please fold across the lines and close

Thong Guan Industries Berhad
(324203-K)

Lot 52, Jalan PKNK 1/6 Kawasan Perusahaan Sungai Petani
08000 Sungai Petani Kedah Darul Aman Malaysia
Telephone : 604-4417888 Facsimile : 604-4419888