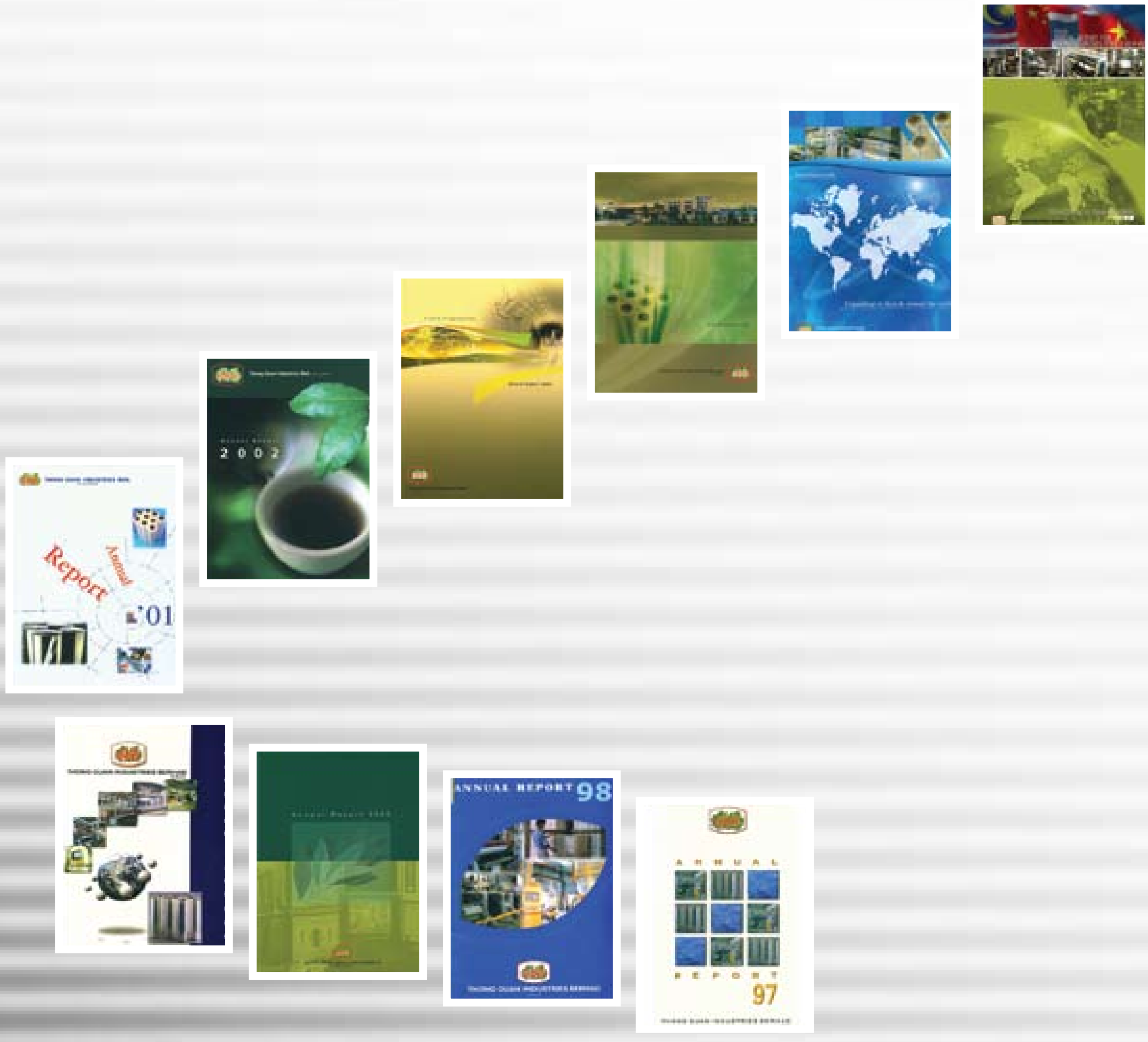


THONG GUAN INDUSTRIES BERHAD
(324203-K)
Lot 52, Jalan PKNK 1/6
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani
Kedah Darul Aman
Malaysia

T +604 441 7888
F +604 441 9888

Annual Report 2007

CONSOLIDATING OUR STRENGTH

THONG GUAN INDUSTRIES BERHAD (324203-K)

CONTENTS

FINANCIAL STATEMENT

CORPORATE INFORMATION

Board of Directors

Ang Toon Piah @ Ang Toon Huat - Chairman, Non Independent Executive Director
Tengku Makram Bin Tengku Ariff - Deputy Chairman, Independent Non Executive Director
Ang Poon Chuan - Managing Director
Ang Poon Seong - Non Independent Executive Director
Ang Poon Khim - Non Independent Executive Director
Lee Eng Sheng - Independent Non Executive Director
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah - Independent Non Executive Director

Registered Office

Suite 2-1, 2nd Floor, Menara Penang Garden,
42A, Jalan Sultan Ahmad Shah, 10050 Penang.
T : 604 229 4390
F : 604 226 5860

Principal Place of Business

Lot 52, Jalan PKNK 1/6,
Kawasan Perusahaan Sungai Petani,
08000 Sungai Petani, Kedah Darul Aman.
T : 604 441 7888
F : 604 441 9888

Share Registrar

AGRITEUM Share Registration Services Sdn. Bhd.
2nd Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah, 10050 Penang.
T : 604 228 2321
F : 640 227 2391

Company Secretary

Lam Voon Kean (MIA 4793)

Auditor

KPMG
Chartered Accountants
1st Floor, Wisma Penang Garden,
42, Jalan Sultan Ahmad Shah, 10050 Penang.

Principal Bankers

HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
Citibank Berhad
Standard Chartered Bank Malaysia Berhad
EON Bank Berhad

Audit Committee

Tengku Makram Bin Tengku Ariff (Chairman)
Lee Eng Sheng
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah

Nomination Committee

Lee Eng Sheng (Chairman)
Tengku Makram Bin Tengku Ariff

Remuneration Committee

Lee Eng Sheng (Chairman)
Tengku Makram Bin Tengku Ariff
Ang Poon Chuan

Stock Exchange Listing

The Main Board,
Bursa Malaysia Securities Berhad.

GROUP STRUCTURE & PRINCIPAL ACTIVITIES

THONG GUAN INDUSTRIES BERHAD
(324203-k)

100% **THONG GUAN PLASTIC & PAPER INDUSTRIES SDN. BHD.** (73976-V)
Manufacturing and marketing of plastic packaging and paper products.

100% **TGP MARKETING SDN. BHD.** (531508-T)
Marketing of packaging products.

100% **SYARIKAT THONG GUAN TRADING SDN. BHD.** (29442-k)
Manufacturing of tea and coffee products and marketing of consumer products and machinery

100% **THONG GUAN PLASTIC INDUSTRIES (SUZHOU) CO LTD.***
Manufacturing and marketing of plastic packaging products for the export market.

100% **TGP PLASPACK (SUZHOU) CO. LTD.***
Manufacturing and marketing of plastic packaging products.

100% **UNIANG PLASTIC INDUSTRIES (SABAH) SDN. BHD.** (57039-K)
Manufacturing and marketing of plastic products mainly in Sabah and Sarawak.

100% **JAYA UNI'ANG (SABAH) SDN. BHD.** (96114-P)
Trading of plastic and other consumer products mainly in Borneo.

17% **L.A. PLASPACK COMPANY LIMITED****
Manufacturing and marketing of plastic packaging products mainly for the domestic Thai market.

70% **888 CAFE SDN. BHD. (FORMERLY KNOWN AS TEA G INTERNATIONAL SDN. BHD)** (635778-D)
Operations of food and beverage outlet.

100% **EBONTECH SDN. BHD.** (537672-v)
Manufacturing and trading of plastic packaging products.

Note: -
* - 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 2007.

Economic Review

The Malaysian economy continued to grow steadily at 6.3% in 2007 (2006: 5.9%). The growth was driven primarily by the largest sector in the economy, the services sector which grew 9.7% (2006: 6.5%) to command a 53.4% (2006: 51.8%) share of the total Malaysian Gross Domestic Product (GDP). The global economy grew at a strong rate of 4.7% in 2007 (2006: 4.9%) led by the BRIC economies of Brazil, Russia, India (8.7%) and China (11.4%) and persistent strong expansion in East Asia (8.4%). Record high commodity prices also buoyed growth in many commodity producing countries. Growth in Europe (2.6%) and Japan (2.0%) moderated slightly while that of the United States (US) (2.2%) slowed due to the emergence of the subprime mortgage problem and downturn in the housing sector. Foreign direct investment into Malaysia increased significantly to RM 46.1 billion in 2007 (2006: RM 37.3 billion). The Malaysian Ringgit edged up 6% against the US Dollar (USD) in 2007 to close the year at RM 3.31 against the USD.

The stronger economic performance was achieved in an environment of relative low inflation of 2% (2006: 3.6%). The Bank Negara Malaysia (BNM)'s Overnight Policy Rate was maintained at a conducive rate of 3.5%. The labour market continued to be stable with unemployment rate remaining at below 3.5%.

Industry Trends & Development

The manufacturing sector chalked up a slower growth of 3.1% in 2007 (2006: 7.1%) as the expansion in local commodity based industries cushioned the effects of the slow down of the electronics and electrical sector. The manufacturing sector's share of the overall GDP declined slightly to 30.2% (2006: 31.1%).

The total turnover of the Malaysian Plastic industry registered a moderate growth of 3% (2006: 8.4%) to RM 15.5 billion employing a total workforce of approximately 96,000 people. This represented a 3% slice of the GDP and 0.8% of total employment. Total export of Malaysian plastic products grew by 8% (2006: 16%) to RM 8.4 billion. Total consumption of plastic resin in Malaysia was estimated at 1.65 million tons representing a per capita consumption of 62kg (2006: 68 kg)

The raw material price of polyethylene, film grade closed the year at USD 1,500 per metric ton a jump of 17% compared to the price at end 2006.The packaging sub-sector (both flexible and rigid including bags, films, bottles and containers) which grew an estimated 11% (2006: 15%) continued its dominance contributing a slice of 41% or RM 6.3 billion of the total pie of the Malaysian plastic industry. Total export of the packaging sub-sector increased by 13.4% to RM 3.39 billion. The bulk of the increase was from plastic bags following the decision of the European Commission not to impose anti-dumping duty on certain plastic bags imported from Malaysia and imposed anti-dumping duties that ranges from 4.8% to 28.8% for imports from China and between 5.1% to 14.3% for imports from Thailand effective 1 October 2006. Export of Malaysian plastic bags into the European Union market increased by 15% in 2007.

Group Performance

The Group registered a 10.4% growth in revenue from RM 469.3 million in 2006 to RM 518.2 million in 2007. Group profit before tax (PBT) was RM 16.0 million, a decrease of 40% from the RM 26.7 million recorded in 2006. Turnover growth is mainly attributable to increase export sales and price increase due to the increased in raw material and other input prices. The sharp drop of PBT was attributable to a culmination of factors including the higher input cost, increased freight cost, high interest cost, unfavourable foreign exchange movements which stifled margin and the losses suffered by one of the Group's subsidiary company in China.

Dividend

The Board of Directors has recommended a final tax-exempt dividend of 3 sen per ordinary share amounting to approximately RM 3.2 million or 26.9% of profit after tax and minority interest for the year ended 31 December 2007 (2006: 3 sen, RM 3.2 million, 15.2%).

Prospects

The global GDP growth is projected to moderate amidst deteriorating environment with the continued unfolding of the financial crisis in the US. Liquidity strains, impact on declining asset prices, higher inflation on consumer spending and the write down of asset value by US financial institutions will continue to create volatility and uncertainties in the US. This has had a contagion effect on the European economy. World growth is projected to grow at 3.7% in 2008 (2007: 4.7%) with moderating growth across major economies namely the US at 1.0% (2007: 2.2%), European Union at 1.5% (2007: 2.6%) and Japan at 1.0% (2007: 2.0%). The slower growth in the larger economies is likely to lead to declining global trade.

While the major economies are expected to moderate, growth is expected to remain strong in Asia and other emerging economies notably the BRIC countries. The BNM has charted the Malaysian GDP growth to be sustainable at between 5-6% in 2008 underpinned by sustained domestic demand, rising incomes, strong labour market conditions and increased access to financing which will support consumption and investment spending. The Malaysian Plastic Manufacturers Association (MPMA) has projected that growth in the Malaysian plastic industry to be minimal and to reflect that of the growth of the manufacturing sector. It further reiterated that rising raw material prices remain a major concern in 2008 and that raw material prices should ease in late 2008 and 2009 due to the coming on stream of major gas based petro-chemical plants in the Middle East.

With the expected slow downs and volatilities in the major economies, the Group expects a challenging year ahead. The prolonged high raw material prices is expected to sustain into 2008 with the continued high prices of naphta and natural gas. The average prices of polyethylene, the Group's main raw material has inched up further during the first 5 months of 2008 compared to the close at end 2007. As at May 2007, the Ringgit has appreciated by more than 3.5% against the USD from its closed at end 2007. The Government is under tremendous pressure to hike the domestic prices of gasoline with the record high price of crude oil that has breached the USD 130 per barrel level.

Amidst concern over these developments, the general environment is still conducive for the Group's business. The sustained growth in the usage of disposable plastic packaging in particular garbage bags and stretch films despite the higher prices and the initiatives by buyers in developed countries to search for lower cost countries to produce their requirements provide an opportunity that augurs well for the growth of the group especially with its foray into Vietnam. The projected sustainable double digit growth in China fits well into the Group's expansion into China's domestic market. The Group will continue to 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 achieve satisfactory financial performance for 2008.

Acknowledgement

On behalf of the Board of Directors, I would like to extend our gratitude to the management and staff for their contribution to the Group during the year. We would also like to thank our shareholders, business partners, advisers, customers, friends and the authorities for their continued trust, confidence, support and guidance.

I would like to take a moment to express our deepest sadness on the passing of my brother the late Dato' Ang Toon Cheng on 3 January 2008. His enormous contribution to the development of the Group since its humble inception and to society in general is indescribable by words. An honest and respectable man. May his soul rest in peace.

Thank you

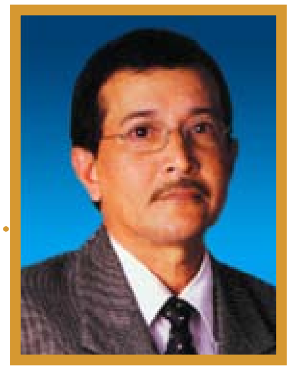
Ang Toon Piah
Chairman

Sources: Bank Negara Malaysia, Annual Report & The Malaysian Plastic Manufacturers Association

DIRECTORS PROFILE

Mr. Ang Toon Piah @ Ang Toon Huat, aged 79, Malaysian, was appointed as the Non-Independent Executive Director' on 18 September 1997 and subsequently as Chairman on 27 February 2008. 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 Thong Guan Industries Berhad 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 four Board meetings held for the financial year. 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 57, 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 of the four 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 Director of Kemayan Corporation Bhd, Tien Wah Press Holding Berhad and Comintel Corporation Berhad. He had no conviction for offences within the past 10 years.

Mr Ang Poon Chuan, aged 64, 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 Industries.Sdn. Bhd., both currently are wholly-owned subsidiaries of TGI in 1983. During his 42 years of services, 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 it 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 Remuneration Committee. He has attended all the four Board meetings held for the financial year. He is 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.

Mr Ang Poon Khim, aged 53, 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 four Board meetings held for the financial year. He is 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 52, 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 Industries. (Sabah) Sdn. Bhd., both are currently wholly -owned subsidiaries of TGI. He completed his MCE and joined Thong Guan as a Marketing Executive in 1976 and was 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 packing manufacturer in Sabah. He is also the President of the MPMA (Sabah Branch) and was the former President of the Federation of Sabah Manufacturers.

He serves as a member of the Employees' Share Options Scheme Committees. He has attended three out of the four Board meetings held for the financial year. He is 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.

Mr. Lee Eng Sheng, aged 45, 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 a Certified Financial Planner of the Financial Planning Association of Malaysia. He has worked in the accounting and finance fields in various positions since 1988 and is presently the Group 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 four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He also sits on the Board of Chee Wah Corporation Berhad. He had no conviction for offences within the past 10 years.

Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah, aged 73, 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 three of the four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He also sits on the Boards of DFZ Capital Berhad, Yayasan Kedah Berhad and Yayasan Sultanah Bahiyah Berhad. He had no conviction for offences within the past 10 years.

CORPORATE SOCIAL RESPONSIBILITY

At Thong Guan Industries Berhad, we recognize the need to strike a harmonious balance between private sector pursuits and corporate social responsibility, of which we continuously aim to live our core values in creating this synergy as an active corporate citizen.

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

In 2007, we continued to support educational, charitable and other meaningful social causes through direct donations and in-kind support. Through these efforts, we hope to not only foster community spirit but also encourage our employees and business associates to be actively involved in these continuous programmes.

Education

Every year, Thong Guan Industries Berhad and its subsidiaries recruit students for its internship initiative where students from colleges, technical schools and both local and overseas universities are accepted for industrial and practical training in the Group's operations. Under this initiative, more than 50 students have been engaged in various departments including production, engineering, administration and finance. The Group has also embarked on offering vacation job opportunities for students during their long semester breaks.

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

Community Care

In our commitment towards community development and life-long education, Thong Guan Industries Berhad welcomes social groups and learning institutions to our manufacturing plants, both to our plastic packaging and beverage processing factories for educational trips. The company has since hosted senior citizens and students from various associations and schools including members of the Penang Senior Citizens Association and children from the Pei Shin Primary School in Kuala Kedah.

In 2007, we also took on an initiative to support the less privileged children through a local orphanage home, the Vallalar Mandram Orphanage in Sungai Petani, Kedah with donation in cash and kind. The company also donated to local charitable organizations such as the Yayasan Sultanah Bahiyah and to local schools' programmes such as the publication of yearly school magazines and to school events such as sports day.

In the area of sports, Thong Guan Industries Berhad is the corporate sponsor for the Malaysian national table tennis team and is also the proud sponsor of the Malaysian national women champion for 2007, Ms Ng Sock Khim. The 24-year-old has bagged the silver medal in the 2007 SEA Games and is the winner of four gold medals in the overall Malaysian national championships last year.

Occupational Safety and Health, and the Environment

Thong Guan Industries Berhad has pledged to continue our efforts in creating a safe and healthy working environment and efficient environmental management system towards sustainable business planning and development.

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

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains fully committed to achieving and maintaining high standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code of Corporate Governance (the "Code") throughout Thong Guan Industries Berhad ("TGIB") and its subsidiary companies ("The Group"). The Board considers corporate governance as synonymous to three key guiding concepts namely transparency, accountability, and integrity

The Board is pleased to set out below the statements which outline the group's main corporate governance practices.

PRINCIPLES 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:

A. Board of Directors;
B. Directors' Remuneration;
C. Shareholders; and
D. Accountability and Audit.

A. BOARD OF DIRECTORS

Board Duties and Responsibilities

The Group recognizes the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately to enhance long-term shareholder value. To fulfill this role & function, 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 retains full and effective control of the Group.

Whilst the Board does not have a formal schedule of matters reserved to it for decision, the Directors are normally involved in deliberating the overall Group strategy and direction, major acquisition and/or divestment, approval of major capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group. Nonetheless, a Board Charter had been formulated in defining the roles of Board of Directors and Managing Director. 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.

Board Meetings

The Board meets on a scheduled basis at least four (4) times a year with additional meetings convened when urgent and important decisions need to be made in between the scheduled meetings. During the financial year ended 31 December 2007, the Board met on four (4) occasions, where it deliberated upon and reviewed a variety of matters including the Group's financial results, major investments, strategic directions, new business proposals, and various reports and presentations from Board Committees, external auditor as well as management of the Group. 50
Board papers, minutes of the last meetings and agenda are prepared and circulated to the Board in advance of each meeting to render Directors sufficient time to evaluate and address the issues concerned. The Chairman, with the assistance of the Company Secretary, undertake the primary responsibility for preparing and organizing information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. During the meetings, the Managing Director briefs the Board, and where appropriate, board papers that encompass both financial and non-financial information are made available to Directors. This enables the Directors to make enquiries and obtain further explanations where necessary. All proceedings are minuted and signed by the Chairman during the Board meeting. Details of the Director's attendance of the meeting during the financial year ended 31 December 2007 are as follows:

Directors	Attendance
Executive Directors	
Dato' Ang Toon Cheng @ Ang Tong Sooi	3/4
Ang Poon Chuan	4/4
Ang Toon Piah @ Ang Toon Huat	4/4
Ang Poon Seong	3/4
Ang Poon Khim	4/4
Independent Non-Executive Directors	
Tengku Makram Bin Tengku Ariff	4/4
Lee Eng Sheng	4/4
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	3/4

STATEMENT ON CORPORATE GOVERNANCE

The board had recorded its deliberations, in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities.

Board Committees

The Board delegates and assigns certain responsibilities to the various Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. 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 Committees report to the Board the outcome of the Committee meetings and such reports are incorporated in the minutes of the full Board meeting.

The revised Code requires the Audit Committee to comprise fully non-executive directors, majority of whom are independent. During financial year ended 31 December 2007, the Audit Committee is made up of three non-executive directors and the Managing Director. The Board takes cognizance of the membership requirement of the Audit Committee under the Revised Code and the Managing Director resigned from the Audit Committee on 1 May 2008.

Board Balance

The Board currently has eight (8) members; comprising three (3) Independent Non-Executive Directors within the meaning of Chapter 1.01 of the Listing Requirements ("LR") of Bursa Malaysia Securities Berhad ("BMSB") and five (5) Executive Directors.

The Board has within it, professionals drawn from varied backgrounds who bring with them in-depth and diverse experience and expertise. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and excellence. A brief profile of each Director is set out in this Annual Report.

The roles of the Chairman and the Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authorities. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director will have overall responsibilities over the operating units, organizational effectiveness, implementation of Board policies and decisions in achieving the corporate objectives of the Group. The presence of Independent Non-Executive Directors are essential to provide an unbiased and independent view, advice, and judgement as well as to safeguard the interest not only of the Group, but also minority shareholders, employees, customers, suppliers and the community in general.

The Code recommends the identification of a Senior Independent Non-Executive Director to whom concerns may be conveyed. The Board has not formally identified any Independent Non-Executive Director to fulfil that role, as the Chairman at each meeting normally encourages participation and discussion by all Directors.
The Board is satisfied that the current Board composition 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 the Board's consideration issued with appropriate notice in advance of each meeting to enable Directors to obtain further explanations from the Managing Director or his management team, where necessary, in order to be briefed properly before the meetings.

All Directors have 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. The Board also has unlimited access to all information with regard to the activities of the Group. The Board believes that the current Company Secretary is capable of carrying out its duties to ensure the effective functioning of the Board. The Company's Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

Appointments to the Board

Nominating Committee

The Nominating Committee are made up of the following members:

Directors		Attendance
Lee Eng Sheng	Chairman, Independent Non Executive Director	1/1
Tengku Makram Bin Tengku Ariff	Member, Independent Non Executive Director	1/1

STATEMENT ON CORPORATE GOVERNANCE

The Nominating Committee's mandate, expressed through its terms of reference, is to bring to the Board recommendations on the appointment of new Directors. Additionally, under its terms of reference, the Nominating Committee reviews the Board's structure, size, composition and systematically assesses the Board effectiveness, its Committees, and individual Director including Independent Non Executive Directors' contribution on an annual basis. The Nominating Committee is empowered to seek professional advice within or outside the Group as it deem necessary to discharge its responsibilities.

Appointment Process

The Nominating Committee meets annually with additional meetings convened whenever the need arises (1 meetings were held during the year in review and was attended by both the members).

The Committee met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's annual general meeting. The Nominating Committee is of the view that the current Board composition imparts the required mix of skills, competencies and experience for the Board to discharge its duties effectively.

Directors' Continual Professional Development

The Board, through the Nominating Committee, ensures that recruits to the Board are individuals of calibre, with the necessary experience and knowledge to meet the expectations of the Board as a Director of the Company. Although there is no formal training or orientation programme for Directors, they are brought to the major locations of the Group's manufacturing plants to acquire an understanding of the Group's operations.

The Board took the view that familiarisation visits to the various operational sites would equip them with a thorough understanding of the Group's operations. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environment and business dynamics and therefore able to contribute effectively in the Board's deliberation. Nonetheless, the Directors will continue to undergo other relevant training programs to further enhance their skills and knowledge, where relevant.

The Company Secretary circulates relevant guidelines to update the Directors on statutory and regulatory requirements changes from time to time.

Re-election of Directors

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 in accordance with the Company's Articles of Association. Those 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.

Under 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 give an opportunity to shareholders to renew or repel their mandate. Each Director is voted separately during election. All relevant information such as personal profile, meeting attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of AGM to assist shareholders in their decision.

B. DIRECTOR'S REMUNERATION

Shareholders at the Annual General Meeting approved the annual fees payable to Directors.

A Remuneration Committee established by the Board on 20 November 2002, carries out annual reviews, develops and recommends remuneration structure for Executive Directors. It comprises the following members:

Directors		Attendance
Lee Eng Sheng	Chairman, Independent Non Executive Director	1/1
Ang Poon Chuan	Member, Managing Director	1/1
Tengku Makram Bin Tengku Ariff	Member, Independent Non Executive Director	1/1

The adoption of remuneration packages for Directors, however, is a matter for the Board as a whole, with individual Directors abstaining from decision-making in respect of his remuneration package.

The aggregate remuneration of Directors for the financial year ended 31 December 2007 is as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Others (RM'000)
Executive Directors	248,000	1,296,400	312,000	141,980
Non-Executive Directors	101,000	-	-	9,000

The number of Directors of the Company whose total remuneration falls within the following bands for the financial year

	Number of directors	
Range of remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM150,001 to RM200,000	2	-
RM300,001 to RM350,000	1	-
RM550,001 to RM600,000	1	-
RM600,001 to RM650,000	1	-

C. SHAREHOLDERS

The Board acknowledges the need and importance of keeping shareholders and investors informed of the Group's business and corporate developments. Timely release of quarterly financial and audited results, relevant information and corporate initiatives taken by the Group that warrant an announcement to the BMSB under the Listing Requirements provide shareholders and investors with an up to date overview on Group performance and operations.

The Board intends to maintain an active dialogue with shareholders. Whilst the Annual Report gives the shareholders a quick run on 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 adequate information to shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price sensitive information.

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

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 announcements of the results to shareholders as well as the Chairman's statement and review of the operations in the annual report. The Directors are responsible in ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

The Board is assisted by the management and the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

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

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

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

Internal Controls

The Statement on Internal Control furnished in this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the Auditors

The Board has established formal and transparent arrangements for maintaining appropriate relationships with the Group's Auditors, both internal and external. 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 in the Audit Committee Report in this Annual Report.

Compliance Statement

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

- The Board has not identified a Senior Independent Non-Executive Director to whom concerns may be conveyed as it is of the view that it is sufficient for the Chairman appointed at each Board meeting to encourage participation by all Directors during meetings;

- 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. Newly appointed Directors are normally brought to visit the operating sites of the Group to acquire an understanding of the Group's operations. Nevertheless, the Board will review the necessity for a formal orientation programme for its new Directors from time to time;

- The Board has not developed formal schedule of matters specifically reserved to the Board for decision been drawn up. This is because the Board is of the view that the following set-up, currently in place in the Group, is adequate to assist the Directors in their respective roles:

  - the Managing Director, assisted by Executive Directors, is responsible for the day-to-day operations of the Group and represents Management to the Board; and

  - the issues that require Board's decision are essentially major investments/divestments, strategic direction of the Group and those that generally lead to corporate announcements, like corporate exercises and quarterly financial reporting.

- 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. Any need for professional advice normally comes under the purview of the Board and will be decided upon on a consensual basis.

- The revised Code requires the Audit Committee to comprise fully non-executive directors, majority of whom are independent. Presently the Audit Committee is made up of three non-executive directors and the Managing Director. Nonetheless, the Managing Director resigned from the Audit Committee on 1 May 2008;

- The Audit Committee did not meet with the external auditors without the presence of executive board members in financial year ended 2007 to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss; and

- The appointment of a professional firm of consultants as the outsourced internal audit function had been discontinued and there was no structured risk management and/ or internal audit car ried out during the financial year ended 2007. In the absence of this, the Board relies on other element of internal control initiated by Management and monitors the results of the operations on timely basis to evaluate the results of the Group's operations. Nonetheless, the Group Financial Controller had circulated a copy of Risk Assessment Report which summarises the top 5 business risks of the Group to the Audit Committee.

Other Information

Material Contract

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

STATEMENT ON INTERNAL CONTROLS

Introduction

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, the internal control system is designed to manage rather than to eliminate the risks that may impede the achievement of the Group's objectives. The system of internal control can therefore only provide reasonable and not absolute assurance against material misstatements and loss. The system of internal control covers risk management and financial, organizational, operational and compliance controls.

Risk Management Framework

In the prior year, the Board appointed a firm of consultants to assist it in establishing a risk management framework for the Group. Besides strengthening risk management functions, the Enterprise Risk Management project was carried out to educate all employees within the Group more strongly to risk identification, evaluation, control, ongoing monitoring and reporting.

Although there was no structured risk management update conducted during the year, the Executive Directors, being hands on managers of the Group's operations, continue to identify, evaluate and adopt risk mitigation measures on an on-going basis. The Group Financial Controller had circulated a copy of Risk Assessment Report which summarises the top 5 business risks of the Group to the Audit Committee. Accordingly, adequate Management action plans have been formulated to address these risks.

Internal Audit Function

The Group ceased to outsource its internal audit function to external consultants however internal audit functions previously identified were continued during the financial year ended 31 December 2007.

In certain areas where there are no formalized set of internal controls, compensating factors are in place such as direct involvement of Executive Directors. Ongoing reviews during Board and Management meetings are carried out to ensure the effectiveness and adequacy of the Groups' internal control system in safeguarding the shareholders' investment and the Group's assets.

Other Risk and Control Processes

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:

i. Monitoring and review

a) The Managing Director reports to the Board on significant changes in the business and external environment, which affect the operations of the Group at large with the close involvement of Executive Directors, who are hands-on in the operations of the Group;

b) Regular reviews of the financial performance, business development and operational issues, especially on areas of vulnerability are conducted and chaired by the Managing Director during management meeting; and

c) The Board as a whole will consider areas of improvements in the system considering the recommendations made by the Audit Committee and the Management.

ii. Standardisation of limits and processes

a) The Group has defined procedures and controls including information system control to ensure the reporting of complete and accurate financial information. Quarterly financial results and reports are evaluated for unusual variances noted and reviewed by the Board and Audit Committee;

b) An organisational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established which 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 assurances and responsibilities at increasingly higher levels of management and, finally to the Board;

c) The Group has in place a proper control environment that emphasises on quality and performance of the Group's employees through the development and implementation of human resources policies and programmers that are designed to enhance the effectiveness and efficiency of the individual and the organisation; and

d) Operating policies and procedures of major subsidiary companies incorporate requirements prescribed and guided by the ISO quality management documentation, which provide some level of assurance on the system of internal control on operations.

iii. Other processes

a) Procurement of insurance policies to ensure that the Group is sufficiently covered against any mishap that will result in material losses to the Group.

Weaknesses in Internal Controls That Result in Material Losses

On 30 April 2008, the Board of Directors announced to the Bursa Malaysia that there was a deviation of RM 8.8 millions (42.4%) between the goup's profit after taxation as announced in the un-audited fourth quarter results ended 31 December 2007 compared to the audited results for the financial year ended 31 December 2007 as summarised below:

Description		RM'000	%
a)	Correction of accounting error – The amount was due to a foreign currency translation error recorded in November 2007 which was subsequently discovered when payment was received for the invoice in March 2008.	4,965	23.8
b)	Under provision for taxation - The increase in provision for taxation of RM 0.947 million was due to the advice of the Company's tax agent that certain tax incentives initially thought to be available to a subsidiary of the Company could not be claimed.	947	4.5
c)	Overstatement of inventory – The adjustment is in respect of an overstatement of inventory in one of its subsidiaries in China. This was determined after an independent and detailed physical count which was carried out on 28 March 2008.	2,851	13.7
	Others	79	0.4
		8,842	42.4

The Board recognises the need to improve the Group's internal controls and plan to take measures to strengthen the Internal Audit function course. A structured Risk Management update shall also be initiated and more concerted effort will be undertaken to mitigate the financial and operational risks that may have resulted in the above deviation of financial results announced.

AUDIT COMMITTEE REPORT

Audit Committee Members

The Board of Directors is pleased to present the Audit Committee report for the financial year ended 31December 2007. The Audit Committee currently comprises the following directors: -

Directors		Attendance
Tengku Makram Bin Tengku Ariff	- Chairman, Independent Non-Executive Director	
Ang Poon Chuan	- Member, Managing Director	4/4
Lee Eng Sheng	- Member, Independent Non-Executive Director	4/4
	(Member of Malaysian Institute of Accountants)	4/4
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	- Member, Independent Non-Executive Director	3/4

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

The Company Secretary or her representative was present by invitation at all the meetings. The Group's Senior Management and representatives of the external auditors also attended the meetings, upon invitation.

The Audit Committee Chairman meets up with the Senior Management and external auditors of the Group during the financial year during the meetings. Additional meetings may be conducted, if he deems necessary.

Summary of activities during the financial year

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed with the external auditor's scope of their audit work and audit plan for the year. Prior to the audit, representatives from the external auditor presented their audit strategy and plan;
- Reviewed with the external auditors the findings of the audit and the audit report;
- Reviewed the annual financial statements of the Group and Company prior to submission to the Board for their consideration and approval;
- Reviewed the quarterly unaudited financial results announcements of the Group and the Company before recommending them for the Board's 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;
- Review the risk assessment report and top 5 business risks presented by the Group Financial Controller; and
- Reviewed pertinent issues which had significant impact on the results of the Group.

Internal Audit Function

The primary function of the Internal Audit Department is to assist the Audit Committee in discharging its duties and responsibilities. The appointment of a professional firm of consultants as the outsourced internal audit function had been discontinued and there was no new risk areas identified during the financial year ended 2007.

Going forward, the Board will take additional measures to strengthen the Internal Audit function.

Objectives

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

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

Composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) Directors, of whom all must be Non-Executive Directors, with a majority of them being independent directors. Following the resignation of Mr Ang Poon Chuan on 1 May 2008, all members of the Audit Committee are now made up of Non-Executive Directors.

The Board shall at all times ensure that all members of the audit committee should be financially literate and at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he or she is not a member of MIA, he must have at least three (3) years of working experience and:-

  he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

  he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.
- fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy in the Audit Committee resulting from resignation, death or for any 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 or new members as may be required to make up the minimum number of three (3) members.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed as a member of the Committee. 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.

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 Secretary to the Committee shall be the Company Secretary. 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 invite other Board members and senior management members to attend the meetings as and when deemed necessary.

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

The Committee shall meet at least twice every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

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

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it required from any employee and 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 is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

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

Responsibilities and duties

To ensure in fulfilling its primary objectives, the Committee shall undertake and carry out the following responsibilities and duties:

- 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, competency 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, 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, frauds and thefts.
- Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:

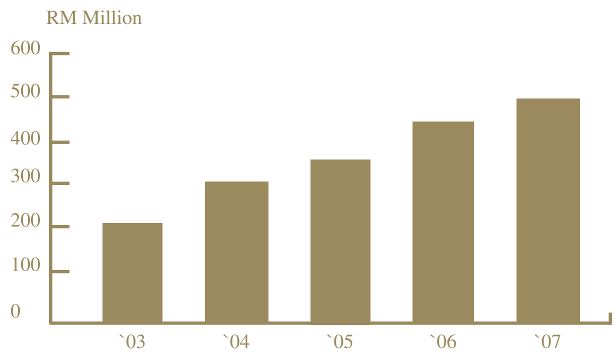
  going concern assumption;
  any changes in or implementation of major accounting policies and practise;
  significant or unusual events;
  compliance with accounting standards and other legal requirements; and
  significant adjustment arising from the audit
- Review any related party transaction and conflict of interest situation that may arise within the Company or 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 summarizing 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 financial reporting procedure in place to ensure that the Group is in compliance with the Companies Act 1965, Listing Requirements of Bursa Malaysia Securities Berhad and other legislative and reporting requirement;
- Review the allocation of option granted pursuant to the Employee Share Option Scheme (ESOS) of the Company;
- Any other activities, as authorised or instructed by the Board.

FINANCIAL SUMMARY

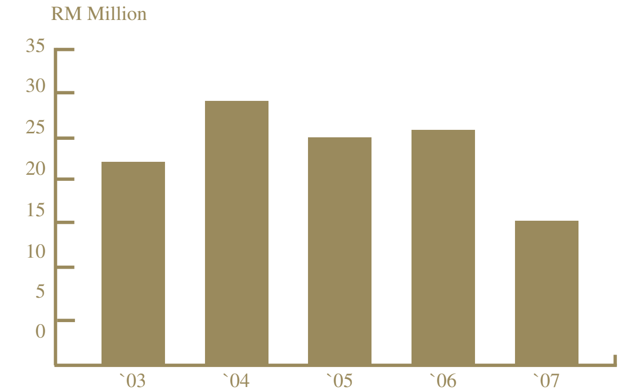
In RM'000	2003	2004	2005	2006	2007
Turnover	226,318	321,701	380,428	469,318	518,215
Profit Before Taxation	24,158	30,085	26,124	26,710	16,014
Profit Attributable To Shareholders	21,734	26,805	22,556	21,071	12,008
Dividends	3,331	5,260	5,260	3,156	3,156
Shareholders' Fund	108,882	134,464	160,450	174,747	183,864

In Sen					
Earnings Per Share	*22.58	*26.94	21.61	20.03	11.41
Net Tangible Assets Per Share	*111.68	*134.19	152.51	166.10	174.77
Gross Dividend Per Share	5.00	5.00	5.00	3.00	3.00

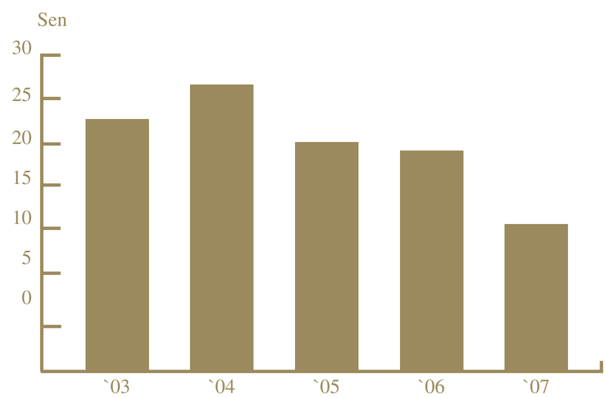
*** Adjusted for bonus issue (1 for 2)**



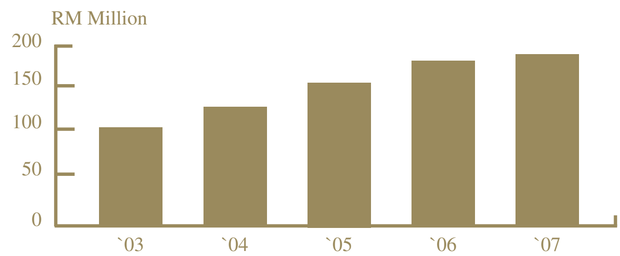
Turnover



Profit Before Taxation



Net Earnings Per Share



Shareholder's Fund

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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 January 2007.

Principal activities

The Company is principally engaged in investment holding activities and also in trading of plastic and paper products, whilst the principal activities of the subsidiaries are as stated in Note 5 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
Profit attributable to :	Shareholders of the Company	12,007,944	9,354,192
	Minority interest	(26,357)	-
		11,981,587	9,354,192

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 3 sen per share, totalling RM3,156,135 in respect of the financial year ended 31 December 2006 on 18 August 2007.

A final dividend of 3 sen per share tax exempt has been proposed by the Directors in respect of the financial year ended 31 December 2007, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

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

Ang Toon Piah @ Ang Toon Huat	- Chairman (Appointed - 27.2.2008)
Tengku Makram Bin Tengku Ariff	- Deputy Chairman
Ang Poon Chuan	- Managing Director
Ang Poon Seong	
Ang Poon Khim	
Lee Eng Sheng	
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	
Dato' Ang Toon Cheng @ Ang Tong Sooi	- Former Chairman (Demised - 3.1.2008)

Directors' interests

The interests and deemed interests in the shares and options of the Company and of its related corporations of those who were Directors at year end (including the interests of the spouses and/or children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows :

	Number of ordinary shares of RM1 each			
	Balance at 1.1.2007	Bought	Sold	Balance at 31.12.2007
Tengku Makram Bin Tengku Ariff				
- own	40,500	-	-	40,500
Ang Poon Chuan				
- own	928,500	-	-	928,500
- others #	* 1,129,508	-	-	1,129,508
Ang Toon Piah @ Ang Toon Huat				
- own	163,500	305,500	-	469,000
- others #	* 162,700	40,900	-	203,600
Ang Poon Seong				
- own	589,125	-	-	589,125
Ang Poon Khim				
- own	590,325	-	-	590,325
- others #	* 64,300	41,500	-	105,800
Dato' Ang Toon Cheng @ Ang Toon Sooi				
- own	454,375	102,100	-	556,475
- others #	* 77,625	-	-	77,625

	Number of options over ordinary shares of RM1 each			
	Balance at 1.1.2007	Granted	(Exercised)	Balance at 31.12.2007
Ang Poon Chuan				
- own	650,000	-	-	650,000
Ang Toon Piah @ Ang Toon Huat				
- own	300,000	-	-	300,000
Ang Poon Seong				
- own	500,000	-	-	500,000
Ang Poon Khim				
- own	550,000	-	-	550,000
Dato' Ang Toon Cheng@ Ang Toon Sooi				
-own	300,000	-	-	300,000

* At 15 August 2007, the effective date of the amendments to the Companies Act, 1965.

\# These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007.

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of 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 into in the ordinary course of business with companies in which certain Directors have substantial financial interests; and

ii) Rental payable to 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") of the Company.

Issue of shares and debentures

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

There were no debentures in issue during the financial year.

Options granted over unissued shares

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

The salient features of the ESOS 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 Executive Directors of the Group (except for dormant companies within the Group) and non-Executive Directors of the Company who are specifically approved as eligible to participate in the ESOS by the Company in an Extraordinary General Meeting;

ii) The number of new shares that may be offered and allotted to any eligible employee of the Group shall be at the discretion of the ESOS Committee, after taking into consideration the performance, seniority and length of service of the eligible employee and under ESOS and such other factors that the ESOS Committee may deem relevant subject to the following :

 (a) not more than fifty per centum (50%) of the shares available under ESOS should be allocated, in ag gregate, to Directors and senior management of the Group; and

 (b) not more than ten per centum (10%) of the shares available under ESOS should be allocated to any individual Director or employee who, either singly or collectively through his/her associates holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company.

iii) The ESOS shall continue to be in force for a period of 5 years commencing from 2 February 2005.

iv) The price of each of the option granted shall be set based on the 5-day weighted average market price of the Company's shares as quoted on the Bursa Malaysia Securities Berhad immediately preceding the date of offer is granted with a discount of not more than ten per centum (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by the Securities Commission or any other relevant authorities as amended from time to time, or at the par value of each of the share of the Company, whichever is higher.

v) The new ordinary shares arising from the exercise of the options shall upon allotment and issue, rank pari passu in all respects with the existing issued ordinary shares of the Company except that the new shares so allotted shall not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the said shares.

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 :

NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1 EACH

Date of offer	Option price RM	Balance at 1.1.2007	Granted	(Exercised)	(Lapsed)	Balance at 31.12.2007
12.11.2005	1.73	8,444,000	-	-	(577,000)	7,867,000

Other statutory information

Before the balance sheets and income 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.

Other statutory information (Cont'd)

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent events

Details of such events are as disclosed in Note 29 to the financial statements.

Auditors

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

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

…………………………………………….
Ang Poon Chuan

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

Kedah Darul Aman,

Date : 30 April 2008

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 64, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date.

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

……………………………………………..
Ang Poon Chuan

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

Kedah Darul Aman,

Date : 30 April 2008

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 64 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 above named at Sungai Petani in the State of Kedah Darul Aman on 30 April 2008.

………………………………………..
Ang See Ming

Before me :

Tan Hwa Lian
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Sungai Petani, Kedah

Report of the auditors to the members of Thong Guan Industries Berhad

We have audited the financial statements set out on pages 26 to 64. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 Financial Reporting Standards issued by the Malaysian Accounting Standards Board 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 2007 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 5 to the financial statements and we have considered their financial statements and, where audited, 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 : 1414/03/10 (J/PH)

Penang,

Date : 30 April 2008

Consolidated balance sheet at 31 December 2007

Assets	Note	2007 RM	2006 RM
Property, plant and equipment	3	115,895,691	120,632,880
Prepaid lease payments	4	6,846,935	6,961,233
Other investment	6	2,873,511	1,368,058
Total non-current assets		125,616,137	128,962,171
Receivables, deposits and prepayments	7	77,967,942	79,936,382
Inventories	8	106,728,910	87,336,022
Current tax assets		415,565	773,873
Cash and cash equivalents	9	25,665,672	15,029,580
Total current assets		210,778,089	183,075,857
Total assets		336,394,226	312,038,028
Equity			
Share capital	10	105,204,500	105,204,500
Reserves	11	78,659,637	69,542,761
Total equity attributable to shareholders of the Company		183,864,137	174,747,261
Minority interest	12	-	26,357
Total equity		183,864,137	174,773,618
Liabilities			
Loans and borrowings	13	5,398,677	9,753,524
Deferred tax liabilities	14	9,279,754	9,738,536
Total non-current liabilities		14,678,431	19,492,060
Payables and accruals	15	81,355,400	54,841,318
Loans and borrowings	13	54,284,814	60,990,231
Current tax liabilities		2,211,444	1,940,801
Total current liabilities		137,851,658	117,772,350
Total liabilities		152,530,089	137,264,410
Total equity and liabilities		336,394,226	312,038,028

Consolidated income statement for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Continuing operations			
Revenue	16	518,215,118	469,318,163
Cost of goods sold		(471,959,192)	(414,228,617)
Gross profit		46,255,926	55,089,546
Other income		5,461,404	5,114,879
Distribution expenses		(16,117,428)	(13,987,968)
Administrative expenses		(16,592,190)	(16,374,646)
Other expenses		(201,529)	(176,765)
Results from operating activities	17	18,806,183	29,665,046
Interest income		218,994	185,808
Finance costs	19	(3,011,505)	(3,132,429)
Operating profit		16,013,672	26,718,425
Share of loss after tax of equity accounted associate		-	(8,420)
Profit before tax		16,013,672	26,710,005
Tax expense	20	(4,032,085)	(5,639,763)
Profit for the year		11,981,587	21,070,242
Attributable to :			
Shareholders of the Company		12,007,944	21,071,180
Minority interest		(26,357)	(938)
Profit for the year		11,981,587	21,070,242
Basic earnings per ordinary share (sen)	22	11.41	20.03
Diluted earnings per ordinary share (sen)	22	11.41	20.03

Consolidated statement of changes in equity for the year ended 31 December 2007

		Attributable to shareholders of the Company							
			Non-distributable			Distributable			
	Note	Share capital	Share premium	Exchange fluctuation reserve	Statutory reserve	Retained earnings	Total	Minority interest	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2006		105,204,500	3,938,567	52,829	-	51,253,751	160,449,647	27,295	160,476,942
Exchange differences on translation of the financial statement of foreign entities #		-	-	(1,513,341)	-	-	(1,513,341)	-	(1,513,341)
Profit for the year		-	-	-	-	21,071,180	21,071,180	(938)	21,070,242
Dividends to shareholders	23	-	-	-	-	(5,260,225)	(5,260,225)	-	(5,260,225)
At 31 December 2006/1 January 2007		105,204,500	3,938,567	(1,460,512)	-	67,064,706	174,747,261	26,357	174,773,618
Exchange differences on translation of the financial statement of foreign entities #		-	-	277,056	-	-	277,056	-	277,056
Statutory reserve		-	-	(11,989)	3,974,392	(3,974,392)	(11,989)	-	(11,989)
Profit for the year		-	-	-	-	12,007,944	12,007,944	(26,357)	11,981,587
Dividends to shareholders	23	-	-	-	-	(3,156,135)	(3,156,135)	-	(3,156,135)
At 31 December 2007		105,204,500	3,938,567	(1,195,445)	3,974,392	71,942,123	183,864,137	-	183,864,137
			Note 11	Note 11	Note 11	Note 11			

- represents net gain/(loss) not recognised in the income statement.

Consolidated cash flow statement for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Cash flows from operating activities			
Profit before tax from continuing operations		16,013,672	26,710,005
Adjustments for :			
Depreciation of property, plant and equipment	3	14,364,713	12,757,812
Amortisation of prepaid lease payments	4	152,091	223,441
Gain on disposal of property, plant and equipment		(953,371)	(79,256)
Interest income		(218,994)	(185,808)
Interest expense	19	3,011,505	3,132,429
Property, plant and equipment written off		23,609	-
Share of loss of equity accounted associate		-	8,420
Operating profit before changes in working capital		32,393,225	42,567,043
Changes in working capital :			
Inventories		(19,278,999)	1,222,859
Receivables, deposits and prepayments		2,044,002	(16,474,178)
Payables and accruals		26,067,720	(2,553,525)
Cash generated from operations		41,225,948	24,762,199
Taxes paid		(4,202,254)	(3,780,540)
Net cash generated from operating activities		37,023,694	20,981,659
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(15,370,682)	(24,170,585)
Acquisition of prepaid lease payments	4	(25,696)	-
Proceeds from disposal of property, plant and equipment		6,926,871	294,718
Interest received		218,994	185,808
Acquisition of other investment		(879,842)	-
Net cash used in investing activities		(9,130,355)	(23,690,059)
Cash flows from financing activities			
Interest paid		(3,011,505)	(3,132,429)
Repayment of finance lease liabilities		(263,637)	(132,397)
(Repayment)/Drawdown of term loans, net		(7,976,371)	12,155,514
Repayment of other bank borrowings, net		(6,409,566)	(2,051,427)
Dividend paid		(3,156,135)	(5,260,225)
Net cash (used in)/generated from financing activities		(20,817,214)	1,579,036
Net increase/(decrease) in cash and cash equivalents		7,076,125	(1,129,364)
Cash and cash equivalents at 1 January		10,537,133	12,045,143
Effects of exchange rate fluctuations on cash held		30,658	(378,646)
Cash and cash equivalents at 31 December	B	17,643,916	10,537,133

Notes

A. Property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM15,430,682 (2006 : RM24,470,585) of which RM60,000 (2006 : RM300,000) was acquired by means of finance lease installment plan. The remaining of RM15,370,682 (2006 : RM24,170,585) was purchased by way of cash payments.

B. Cash and cash equivalents

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

	Note	2007 RM	2006 RM
Short term deposits with licensed banks	9	10,086,272	4,423,840
Cash and bank balances	9	15,579,400	10,605,740
Bank overdrafts	13	(8,021,756)	(4,492,447)
		17,643,916	10,537,133

Balance sheet at 31 December 2007

		2007	2006
Assets	**Note**	**RM**	**RM**
Investments in subsidiaries	5	59,294,335	59,294,335
Other investment	6	2,873,511	1,993,669
Total non-current assets		62,167,846	61,288,004
Receivables, deposits and prepayments	7	28,003,466	20,374,865
Current tax assets		25,000	161,885
Cash and cash equivalents	9	13,920	95,366
Total current assets		28,042,386	20,632,116
Total assets		90,210,232	81,920,120
Equity			
Share capital	10	105,204,500	105,204,500
Reserves	11	(19,482,615)	(25,680,672)
Total equity		85,721,885	79,523,828
Liabilities			
Payables and accruals	15	4,344,387	2,396,292
Loans and borrowings	13	143,960	-
Total current liabilities		4,488,347	2,396,292
Total equity and liabilities		90,210,232	81,920,120

Income statement for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Continuing operations			
Revenue	16	15,039,560	9,522,510
Cost of goods sold		(5,284,458)	(5,907,562)
Gross profit		9,755,102	3,614,948
Other income		11,503	9,410
Administrative expenses		(437,413)	(436,691)
Results from operating activities	17	9,329,192	3,187,667
Interest income		25,000	25,000
Profit before tax		9,354,192	3,212,667
Tax expense	20	-	(13,611)
Profit for the year		9,354,192	3,199,056

Statement of changes in equity for the year ended 31 December 2007

	Note	Share capital RM	Non- distributable Share premium RM	Accumulated losses RM	Total RM
At 1 January 2006		105,204,500	3,938,567	(27,558,070)	81,584,997
Profit for the year		-	-	3,199,056	3,199,056
Dividends to shareholders	23	-	-	(5,260,225)	(5,260,225)
At 31 December 2006/ 1 January 2007		105,204,500	3,938,567	(29,619,239)	79,523,828
Profit for the year		-	-	9,354,192	9,354,192
Dividends to shareholders	23	-	-	(3,156,135)	(3,156,135)
At 31 December 2007		105,204,500	3,938,567	(23,421,182)	85,721,885
			Note 11	Note 11	

Cash flow Statement for the year ended 31 December 2007

	Note	2007 RM	2006 RM
Cash flows from operating activities			
Profit before tax from continuing operations		9,354,192	3,212,667
Adjustments for :			
Interest income		(25,000)	(25,000)
Dividend income		(9,707,773)	(3,560,000)
Operating loss before changes in working capital		(378,581)	(372,333)
Changes in working capital :			
Receivables, deposits and prepayments		(7,628,601)	13,807,868
Payables and accruals		1,948,095	1,246,632
Cash (used in)/generated from operations		(6,059,087)	14,682,167
Dividend received		9,707,773	3,560,000
Tax refunded		136,885	113,769
Net cash generated from operating activities		3,785,571	18,355,936
Cash flows from investing activities			
Interest received		25,000	25,000
Investments in subsidiaries		-	(13,476,566)
Acquisition of other investment		(879,842)	-
Net cash used in investing activities		(854,842)	(13,451,566)
Cash flows from financing activities			
Dividend paid	23	(3,156,135)	(5,260,225)
Net cash used in financing activities		(3,156,135)	(5,260,225)
Net decrease in cash and cash equivalents		(225,406)	(355,855)
Cash and cash equivalents at 1 January		95,366	451,221
Cash and cash equivalents at 31 December	A	(130,040)	95,366

Note

A. Cash and cash equivalents

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

	Note	2007 RM	2006 RM
Cash and bank balances	9	13,920	95,366
Bank overdrafts	13	(143,960)	-
		(130,040)	95,366

Notes to the financial statements

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

Registered office

Suite 2-1, 2nd Floor
Menara Penang Garden
42A, Jalan Sultan Ahmad Shah
10050 Penang

Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in investment holding activities and also in trading of plastic and paper products, whilst the principal activities of the subsidiaries are as stated in Note 5.

The financial statements were approved by the Board of Directors on 30 April 2008.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.]

The MASB has also issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2007, and that have not been applied in preparing these financial statements :

FRSs/Interpretations	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139, Financial Instruments : Recognition and Measurement	To be announced
IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs/Interpretations	Effective date
IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7, Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8, Scope of FRS 2	1 July 2007

The Group and the Company plan to apply the rest of the abovementioned FRSs and Interpretations which are applicable to the Group and the Company for the annual period beginning 1 January 2008 except for FRS 139, Financial Instruments: Recognition and Measurement which its effective date has yet to be announced.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance. In the current accounting policy for income taxes, reinvestment allowance is treated as the tax base of an asset. The Group have not yet determined whether this accounting policy needs to be changed.

The initial application of the FRSs and Interpretations applicable to the Group and the Company are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency and all financial information is presented in RM.

(d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve (or adjusted against any suitable reserve in the cash of debit differences). The other components of equity of the acquired entities are added to the same components within Group equity.

Subsidiaries are consolidated using the pooling-of-interests method of accounting except for the following subsidiaries which are consolidated using the purchase method of accounting :

- TGP Marketing Sdn. Bhd.
- Ebontech Sdn. Bhd.
- Thong Guan Plastic Industries (Suzhou) Co., Ltd.
- 888 Cafe Sdn. Bhd. (formerly known as Tea G International Sdn. Bhd.)
- TGP Plaspack (Suzhou) Co. Ltd.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves

(iii) Transactions eliminated on consolidation

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

2. Significant accounting policies(Cont'd)

(a) Basis of consolidation (Cont'd)

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to , and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

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

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in exchange fluctuation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

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

The Group has availed itself to the transitional provision when the MASB first adopted IAS 16, Property, Plant and Equipment in 1998. Certain freehold land and buildings were revalued in 1995 and no later valuation has been recorded for these property, plant and equipment (except in the case of impairment adjustments based on a valuation).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. Significant accounting policies (Cont'd)

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

(i) Recognition and measurement (Cont'd)

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Investments in debt and equity securities

Investments in debt and equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition :

- Investments in non-current equity securities other than investments in subsidiaries and associate are stated at cost less allowance for diminution in value,
- All current investments are carried at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries and associate, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

2. Significant accounting policies (Cont'd)

(d) Investments in debt and equity securities (Cont'd)

a) the recognition of an asset on the day it is received by the entity, and

b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(e) Leased assets

(i) Finance lease

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

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

(ii) Operating lease

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2006.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (Cont'd)

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Provisions

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

Contingent liabilities

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

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(j) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

(k) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(l) Tax expense

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

2. Significant accounting policies (Cont'd)

l) Tax expense (Cont's)

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

(m) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risks exposure.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(n) Impairment of assets

The carrying amounts of assets except for financial assets and inventories that are measured at fair value are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are in the income statement. Otherwise, impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statements, a reversal of that impairment loss is also recognised in the income statements.

(o) Revenue recognition

i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

ii) Dividend income

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

2. Significant accounting policies (Cont'd)

(o) Revenue recognition (Cont'd)

iii) Services rendered

Revenue is recognised in the income statement when services are rendered.

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

(q) Employee benefits

(i) Short term employee benefits

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

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

The Group's contribution to statutory pension funds are charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

	Land and bilding RM	Plant and machinery RM	Furniture, fitting and office equipment RM	Motor vehicles RM	Capital expediture in progress RM	Total RM
Group						
Cost/ Valuation						
At 1 January 2006	31,317,035	122,035,686	5,238,962	9,080,206	2,910,134	170,582,023
Additions	3,189,904	10,996,446	648,688	951,374	8,684,173	24,470,585
Disposals	-	(497,620)	-	(442,200)	-	(939,820)
Transfer	-	10,062,658	16,852	-	(10,079,510)	-
Foreign exchange differences	(254,517)	(1,103,949)	(21,677)	(12,345)	(5,052)	(1,397,540)
At 31 December 2006/ 1 January 2007	34,252,422	141,493,221	5,882,825	9,577,035	1,509,745	192,715,248
Additions	428,722	13,104,730	1,103,064	162,942	631,224	15,430,682
Disposals	-	(8,525,448)	(121,267)	(576,799)	-	(9,223,514)
Transfer	9,691	1,245,083	-	-	(1,254,774)	-
Write off	-	(6,000)	(34,657)	-	-	(40,657)
Foreign exchange differences	44,900	194,935	4,836	(53,042)	6,830	198,459
At 31 December 2007	34,735,735	147,506,521	6,834,801	9,110,136	893,025	199,080,218
Accumulated depreciation						
At 1 January 2006	4,601,888	45,877,248	3,233,660	6,579,983	-	60,292,779
Depreciation for the year	1,181,098	10,053,125	564,024	959,565	-	12,757,812
Disposals	-	(282,165)	-	(442,193)	-	(724,358)
Foreign exchange differences	(15,351)	(214,496)	(7,367)	(6,651)	-	(243,865)
At 31 December 2006/ 1 January 2007	5,767,635	55,433,712	3,790,317	7,090,704	-	72,082,368
Depreciation for the year	1,244,487	11,554,886	636,389	928,951	-	14,364,713
Disposals	-	(2,599,999)	(83,674)	(566,341)	-	(3,250,014)
Write off	-	-	(17,048)	-	-	(17,048)
Foreign exchange differences	3,684	35,853	1,613	(36,642)	-	4,508
At 31 December 2007	7,015,806	64,424,452	4,327,597	7,416,672	-	83,184,527
Carrying amounts						
At 1 January 2006	26,715,147	76,158,438	2,005,302	2,500,223	2,910,134	110,289,244
At 31 December 2006/ 1 January 2007	28,484,787	86,059,509	2,092,508	2,486,331	1,509,745	120,632,880
At 31 December 2007	27,719,929	83,082,069	2,507,204	1,693,464	893,025	115,895,691

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

Land and buildings comprise :

	Cost / Valuation		Carrying Amounts	
	2007 RM	2006 RM	2007 RM	2006 RM
At valuation				
Freehold land	5,149,000	5,149,000	5,149,000	5,149,000
Factory buildings	5,783,630	5,783,630	3,295,513	3,403,608
At cost				
Freehold land	290,000	290,000	290,000	290,000
Factory buildings	23,513,105	23,029,792	18,985,416	19,642,179
	34,735,735	34,252,422	27,719,929	28,484,787

The freehold 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 disposals 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.

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

The carrying amounts of those revalued assets of the Group stated at their original cost less accumulated depreciation are as follows :

	Cost RM	Accumulated depreciation RM	Carrying amounts RM
2007			
Freehold land	489,449	-	489,449
Factory buildings	3,229,681	1,829,792	1,399,889
	3,719,130	1,829,792	1,889,338
2006			
Freehold land	489,449	-	489,449
Factory buildings	3,229,681	1,695,868	1,533,813
	3,719,130	1,695,868	2,023,262

Security

At 31 December 2007, property, plant and equipment with a valuation of approximately RM100,000 (2006 : RM100,000) are charged to a licensed bank for banking facilities used.

Leased property, plant and equipment

Included in the carrying amounts of property, plant and equipment are the following assets acquired under lease arrangement :

	2007 RM	2006 RM
Motor vehicles	566,744	1,040,971

4. Prepaid lease payments - Group

	Unexpired period less than 50 years RM	Unexpired period more than 50 years RM	Total RM
Cost/Valuation			
At 1 January 2006	7,776,758	430,000	8,206,758
Foreign exchange differences	(169,601)	-	(169,601)
At 31 December 2006/1 January 2007	7,607,157	430,000	8,037,157
Additions	25,696	-	25,696
Foreign exchange differences	13,188	-	13,188
At 31 December 2007	7,646,041	430,000	8,076,041
Amortisation			
At 1 January 2006	843,982	12,574	856,556
Amortisation for the year	216,493	6,948	223,441
Foreign exchange differences	(4,073)	-	(4,073)
At 31 December 2006/1 January 2007	1,056,402	19,522	1,075,924
Amortisation for the year	150,590	1,501	152,091
Foreign exchange differences	1,091	-	1,091
At 31 December 2007	1,208,083	21,023	1,229,106
Carrying amounts			
At 1 January 2006	6,932,776	417,426	7,350,202
At 31 December 2006/1 January 2007	6,550,755	410,478	6,961,233
At 31 December 2007	6,437,958	408,977	6,846,935

The prepaid lease payments represent leasehold land of the Group and are shown based on an open market value basis by independent professional valuers conducted in 1995. The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.

Security

At 31 December 2007, prepaid lease payments with cost/valuation of approximately RM1,869,000 (2006 : RM1,869,000) are charged to a bank for banking facilities used.

5. Investments in subsidiaries - Company

	2007 RM	2006 RM
Unquoted shares, at cost	59,294,335	59,294,335

Details of the subsidiaries are as follows:

Name of Company	Country of incorporation	Principal activities	Effective ownership interest 2007 %	Effective ownership interest 2006 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Manufacturing of tea and coffee products and trading of tea and marketing of consumer products and machinery	100	100
Thong Guan Plastic & Paper Industries Sdn. Bhd. ("TGP")	Malaysia	Manufacturing and trading of plastic and paper products	100	100
Uniang Plastic Industries (Sabah) Sdn. Bhd. ("UPI")	Malaysia	Manufacturing and trading of plastic products	100	100
Jaya Uni'ang (Sabah) Sdn. Bhd. ("JUS")	Malaysia	Trading of plastic and other consumable products	100	100
Ebontech Sdn. Bhd.	Malaysia	Manufacturing and trading of plastic packaging products	100	100
Thong Guan Plastic Industries (Suzhou) Co., Ltd ("TGPIS") #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TGP Plaspack (Suzhou) Co. Ltd. #	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
888 Cafe Sdn. Bhd. (formerly known as Tea G International Sdn. Bhd.)	Malaysia	Operations of food and beverage outlet	70	70
TGP Marketing Sdn. Bhd.	Malaysia	Marketing of packaging products	100	100

-

Audited by another firm of auditors.

6. Other investment

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current				
Unquoted shares, at cost	2,873,511	1,368,058	2,873,511	1,993,669

7. Receivables, deposits and prepayments

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Trade					
Trade receivables	7.1	70,851,306	78,529,957	1,685,257	1,301,575
Less : Allowance for doubtful debts		(1,656,917)	(2,039,399)	-	-
		69,194,389	76,490,558	1,685,257	1,301,575
Non-trade					
Other receivables	7.2	8,689,539	2,854,863	1,161,807	-
Less : Allowance for doubtful debts		(997,575)	(380,038)	-	-
		7,691,964	2,474,825	1,161,807	-
Deposits		531,687	322,265	2,000	2,000
Prepayments		549,902	648,734	-	-
Amount due from subsidiaries	7.3	-	-	25,154,402	19,071,290
		77,967,942	79,936,382	28,003,466	20,374,865

7.1 Analysis of foreign currency exposure for significant receivables

Significant trade receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
Foreign currency	2007 RM	2006 RM
USD	24,641,739	41,634,473
SGD	2,423,382	2,749,278
AUD	3,776,253	2,660,111
Yen	1,092,311	961,194

7. Receivables, deposits and prepayments (Cont'd)

Included in trade receivables of the Group is an amount of RM449,615 (2006 : RM347,398) due from companies in which certain Directors have substantial financial interests.

7.2 Other receivables

Included in other receivables of the Group is an amount of RM1,921,883 (2006 : RM760,075) representing deposits paid for the purchase of property, plant and equipment.

7.3 Amount due from subsidiaries

The non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

8. Inventories - Group

	2007 RM	2006 RM
Raw materials	79,103,261	54,286,596
Work-in-progress	8,431,780	2,110,232
Manufactured inventories	16,741,191	27,485,440
Trading inventories	2,452,678	3,453,754
	106,728,910	87,336,022

9. Cash and cash equivalents

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	15,579,400	10,605,740	13,920	95,366
Short term deposits with licensed banks	10,086,272	4,423,840	-	-
	25,665,672	15,029,580	13,920	95,366

9.1 Analysis of foreign currency exposure for significant cash and cash equivalents

Significant cash and cash equivalents outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
Foreign currency	2007 RM	2006 RM
USD	19,260,662	5,249,329
Yen	790,785	2,955,524
SGD	863,586	644,659
RMB	1,833,165	1,665,235

10. Share capital

	2007		2006	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares of RM1 each :				
Authorised	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid	105,204,500	105,204,500	105,204,500	105,204,500

11. Reserves

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable					
Share premium		3,938,567	3,938,567	3,938,567	3,938,567
Exchange fluctuation reserve		(1,195,445)	(1,460,512)	-	-
Statutory reserve	11.1	3,974,392	-	-	-
Distributable					
Retained earnings/ (Accumulated losses)		71,942,123	67,064,706	(23,421,182)	(29,619,239)
		78,659,637	69,542,761	(19,482,615)	(25,680,672)

11.1 Statutory reserve

The statutory reserve represents transfer from retained earnings as required by the local regulations in China.

12. Minority interest

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

13. Loans and borrowings

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current :				
Secured				
- Term loans	141,098	328,026	-	-
Unsecured				
- Term loans	5,203,882	9,280,870	-	-
Finance lease liabilities	53,697	144,628	-	-
	5,398,677	**9,753,524**	**-**	**-**
Current :				
Secured				
- Term loans	178,605	165,130	-	-
- Overdrafts	1,392,562	1,391,318	143,960	-
- Bankers' acceptances	7,289,000	4,082,000	-	-
- Export credit financing	1,498,000	-	-	-
	10,358,167	**5,638,448**	**143,960**	**-**
Unsecured				
- Term loans	2,698,194	6,424,124	-	-
- Overdrafts	6,629,194	3,101,129	-	-
- Revolving credit	6,344,199	5,103,946	-	-
- Onshore foreign currency loan	28,108,027	40,462,845	-	-
	43,779,614	55,092,044	-	-
Finance lease liabilities	147,033	259,739	-	-
	54,284,814	**60,990,231**	**143,960**	**-**

13.1 Securities

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

13.2 Interests

The above bank borrowings of the Group are subject to interest at rates ranging from 3.40% to 7.80% (2006 : 4.35% to 7.80%) per annum.

Finance lease liabilities are subject to interest at 2.49% to 5.70% (2006 : 5.68% to 7.58%) per annum.

13. Loans and borrowings (Cont'd)

13.3 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group					
2007					
Secured term loans					
- RM	2008 - 2009	319,703	178,605	141,098	-
Secured overdrafts					
- RM		1,392,562	1,392,562	-	-
Secured bankers' acceptance					
- RM	2008	7,289,000	7,289,000	-	-
Secured export credit financing					
- RM	2008	1,498,000	1,498,000	-	-
Unsecured term loans					
- USD	2008 - 2010	7,902,076	2,698,194	2,601,941	2,601,941
Unsecured overdrafts					
- RM		6,629,194	6,629,194	-	-
Unsecured revolving credit					
- RM	2008	3,700,000	3,700,000	-	-
- USD	2008	2,644,199	2,644,199	-	-
Unsecured onshore foreign currency loan					
- USD	2008	28,108,027	28,108,027	-	-
Finance lease liabilities					
- RM	2008 - 2009	200,730	147,033	53,697	-
		59,683,491	54,284,814	2,796,736	2,601,941

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM
Group					
2006					
Secured term loans					
- RM	2007 - 2009	493,156	165,130	165,130	162,896
Secured overdrafts					
- RM		1,391,318	1,391,318	-	-
Secured bankers' acceptance					
- RM	2007	4,082,000	4,082,000	-	-
Unsecured term loans					
- USD	2007 - 2010	15,704,994	6,424,124	4,640,435	4,640,435
Unsecured overdrafts					
- RM		3,101,129	3,101,129	-	-
Unsecured revolving credit					
- RM	2007	2,290,000	2,290,000	-	-
- RMB	2007	2,813,946	2,813,946	-	-
Unsecured onshore foreign currency loan					
- USD	2007	40,462,845	40,462,845	-	-
Finance lease liabilities					
- RM	2007 - 2008	404,367	259,739	144,628	-
		70,743,755	60,990,231	4,950,193	4,803,331
Company					
2007					
Secured overdrafts					
- RM		143,960	143,960	-	-

13. Loans and borrowings (Cont'd)

13.4 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2007			2006		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Within 1 year	155,124	8,091	147,033	275,479	15,740	259,739
Between 1 and 5 years	59,978	6,281	53,697	151,265	6,637	144,628
	215,102	14,372	200,730	426,744	22,377	404,367

14. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows :

	2007 RM	2006 RM
Property, plant and equipment (including prepaid lease payments)		
- Capital allowances	8,460,864	8,624,087
- Revaluation	818,890	1,114,449
	9,279,754	9,738,536

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Taxable temporary differences	3,141,000	3,216,000	-	-
Unabsorbed capital allowances carry-forwards	(3,049,000)	(2,966,000)	-	-
Unutilised tax loss carry-forwards	(1,399,000)	(1,104,000)	(814,000)	(535,000)
	(1,307,000)	(854,000)	(814,000)	(535,000)

The 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 there from.

The comparative figures have been restated to reflect the revised taxable temporary differences, unabsorbed capital allowance carry-forwards and unutilised tax losses carry-forwards available to the Group.

15. Payables and accruals

		Group		Company	
Trade	**Note**	**2007 RM**	**2006 RM**	**2007 RM**	**2006 RM**
Trade payables	15.1	68,233,338	46,533,667	-	-
Non-trade					
Other payables	15.2	8,930,391	4,101,499	58,500	63,972
Accrued expenses		4,191,671	4,206,152	270,340	268,104
Amount due to a subsidiary	15.3	-	-	4,015,547	2,064,216
		13,122,062	8,307,651	4,344,387	2,396,292
		81,355,400	54,841,318	4,344,387	2,396,292

15.1 Analysis of foreign currency exposure for significant payables

Significant trade payables outstanding at year end that are not in the functional currencies of the Group entities are as follows :

	Group	
Foreign currency	**2007 RM**	**2006 RM**
USD	11,626,806	26,437,164
RMB	2,957,073	3,609,064

Included in trade payables of the Group is an amount of RM1,120,612 (2006 : RM790,382) due to companies in which certain Directors have substantial financial interests.

15.2 Other payables

Included in other payables of the Group is an amount of RM151,475 (2006 : RM121,475) due to companies in which certain Directors have substantial financial interests.

15.3 Amount due to a subsidiary

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

16. Revenue

	Group		Company	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**
Invoiced value of goods sold less discounts and returns	517,765,979	469,318,163	5,331,787	5,962,510
Services rendered	449,139	-	-	-
Dividend income from subsidiaries	-	-	9,707,773	3,560,000
	518,215,118	469,318,163	15,039,560	9,522,510

17. Results from operating activities

Results from operating activities are arrived at :	Group		Company	
After charging :	2007 RM	2006 RM	2007 RM	2006 RM
Auditors' remuneration				
Statutory audit				
- KPMG				
- current year	84,050	65,550	13,000	13,000
- prior year	18,527	5,200	-	-
- Other auditors	10,800	10,800	-	-
Other services				
- Affiliates of KPMG	21,750	20,620	-	-
Bad debts written off	87,786	131,708	-	-
Depreciation of property, plant and equipment (Note 3)	14,364,713	12,757,812	-	-
Amortisation of prepaid lease payments (Note 4)	152,091	223,441	-	-
Directors' emoluments				
Directors of the Company				
- fees	349,000	315,000	200,000	200,000
- others	1,802,384	1,705,020	43,000	43,000
Other Directors				
- fees	52,000	52,000	-	-
- others	158,124	359,199	-	-
Rental expense	1,172,906	820,615	-	-
Allowance for doubtful debts	711,470	1,613,309	-	-
Property, plant and equipment written off	23,609	-	-	-
Loss on foreign exchange - unrealised	203,945	-	-	-
Personnel expenses (excluding key management personnel)				
- Wages, salaries and others	17,724,184	17,094,723	72,342	85,321
- Contributions to Employees Provident Fund	1,138,184	1,318,801	7,032	6,125
and crediting :				
Dividend income (gross) receivable from subsidiaries	-	-	9,707,773	3,560,000
Gain on disposal of property, plant and equipment	953,371	79,256	-	-
Gain on foreign exchange - realised	2,288,708	2,396,024	-	-
- unrealised	-	219,120	-	-
Rental income	75,300	94,600	-	-
Bad debts recovered	38,694	9,000	-	-

18. Key management personnel compensation

The key management personnel compensation is as follows :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Director of the Company				
- Fees	283,000	265,000	168,000	168,000
- Remuneration	1,750,384	1,740,480	-	-
Other Directors				
- Fees	52,000	52,000	-	-
- Others	158,124	156,324	-	-
	2,243,508	2,213,804	168,000	168,000

19. Finance costs - Group

	2007 RM	2006 RM
Interest expense on:		
Overdrafts	48,334	58,188
Term loans	811,740	897,465
Finance lease liabilities	13,244	9,374
Other borrowings	2,138,187	2,167,402
	3,011,505	3,132,429

20. Tax expense

Recognised in the income statement:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Tax expenses on continuing operations	4,032,085	5,639,763	-	13,611
Current tax expense				
- Current year	4,460,595	5,751,030	-	-
- Prior year	30,272	(193,045)	-	13,611
Total current tax	4,490,867	5,557,985	-	13,611
Deferred tax expense				
- Origination and reversal of temporary differences	(149,381)	(184,995)	-	-
- Prior years	(13,842)	307,082	-	-
- Revaluation	(295,559)	(40,309)	-	-
Total deferred tax	(458,782)	81,778	-	-
Total tax expense on continuing operations	4,032,085	5,639,763	-	13,611

20. Tax Expense (Cont'd)

Reconciliation of effective tax expense

	2007 RM	2006 RM
Group		
Profit for the year	11,981,587	21,070,242
Total tax expense	4,032,085	5,639,763
Profit excluding tax	16,013,672	26,710,005
Tax calculated using Malaysian tax rate at 27% (2006 : 28%)	4,323,691	7,479,064
Non-deductible expenses	2,275,531	532,819
Tax incentive	(1,411,776)	(801,314)
Deferred tax benefits not recognised	178,740	235,789
Reversal of deferred tax on revaluation	(295,559)	(40,309)
Effect of lower tax rate for certain subsidiary *	(100,000)	(1,530)
Effect of tax rate in foreign jurisdiction **	(636,021)	(1,508,056)
Effect of change in tax rate ***	(318,951)	(370,737)
(Over)/Under provision in prior years	16,430	114,037
Tax expense	4,032,085	5,639,763
Company		
Profit before tax	9,354,192	3,212,667
Tax calculated using Malaysian tax rate at 27% (2006 : 28%)	2,525,632	899,547
Tax exempt income	(2,621,099)	(996,800)
Non-deductible expenses	19,972	15,123
Deferred tax benefits not recognised	75,495	82,130
Under provision in prior years	-	13,611
Tax expense	-	13,611

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on charge able income up to RM500,000, which was applicable to certain subsidiaries.

** Tax rates in several foreign jurisdictions decreased in 2007; and the subsidiary acquired in 2007 operates in a tax jurisdiction with lower tax rates.

*** The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

21. Employee benefits - Group

Share-based payments

The number of share options are as follows :

	Number 2007	Number 2006
At 1 January	8,444,000	9,092,000
Lapsed during the year	(577,000)	(648,000)
Exercisable at 31 December	7,867,000	8,444,000

The Group offers vested share options over ordinary shares to full time employees of the Group who have been confirmed with at least one year of service before the offer date or are Executive Directors of the Group (except for dormant companies within the Group) and non-Executive Directors of the Company.

In financial year ended 31 December 2005, 9,092,000 number of options were granted and vested on 12 November 2005. As allowed by the transitional provisions in FRS 2, the recognition and measurement principles in FRS 2 have not been applied to these grants.

Terms of the options outstanding at 31 December :

Expiry date	Exercise price	Number 2007	Number 2006
1.2.2010	RM1.73	7,867,000	8,444,000

22. Earnings per ordinary share - Group

i) *Basic earnings per ordinary share*
The calculation of basic earnings per ordinary share is based on the profit attributable to shareholders of RM12,007,944 (2006 : RM21,071,180) and on the weighted average number of ordinary shares outstanding during the year of 105,204,500 (2006 : 105,204,500).

ii) *Diluted earnings per ordinary share*
The calculation of diluted earnings per ordinary share for the financial year is the same as the basic earnings per ordinary share as the effect of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per ordinary share in accordance with FRS 133 on earnings per share and the weighted average number of ordinary shares outstanding during the year of 105,204,500 (2006 : 105,204,500).

23. Dividends

	Group and Company	
	2007 RM	2006 RM
Dividend paid - First and final tax exempt dividend of 3 sen per share in respect of the year ended 31 December 2006 (2006 : 5 sen per share tax exempt in respect of the financial year ended 31 December 2005)	3,156,135	5,260,225

A final dividend of 3 sen per share tax exempt in respect of the financial year ended 31 December 2007 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 earnings from the shareholders' equity in the financial year ending 31 December 2008.

24. Capital commitment

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Contracted but not provided for in the financial statements - within 1 year				
Property, plant and equipment	1,433	324	1,403	-

25. Contingent liabilities

Company - Unsecured

i) The Company has issued corporate guarantees to licensed banks for banking facilities granted to certain subsidiaries up to a limit of RM207.6 million (2006 : RM187.0 million) of which RM55.6 million (2006 : RM59.0 million) have been utilised as at balance sheet date.

ii) The Company has issued corporate guarantees to a financial institution for credit facility granted to one of its subsidiaries up to a limit of RM860,000 (2006 : RM860,000) of which RM319,703 (2006 : RM493,156) has been utilised as at balance sheet date.

iii) The Company has issued corporate guarantees amounting to RM105.2 million (2006 : RM81.6 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 RM31.0 million (2006 : RM34.2 million).

iv) The Company has a share of other investment's contingent liabilities incurred jointly with other investors for guaranteed bank facilities of approximately RM1.1 million (2006 : RM1.1 million).

26. 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, and operations of food and beverage outlet
Others	The manufacturing and trading of products such as high density monofilament ropes, polypropylene string, paper serviette, colonge paper towel, rubber band, drinking straw, machinery, etc.

Geographical segments

The business segments are operated principally in Malaysia and China.

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

26. Segmental information - Group (Cont'd)

	Plastic Products		Food and Beverages		Others		Total		Elimination		Consolidated	
Business segments	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Revenue from external customers	482,768,818	434,227,613	20,459,833	15,542,730	14,986,467	19,547,820	518,215,118	469,318,163	-	-	518,215,118	469,318,163
Results from operating activities	16,949,859	26,381,362	614,793	458,850	1,241,531	3,259,226	18,806,183	29,665,046	-	(434,392)	18,806,183	29,665,046
Finance costs											(3,011,505)	(3,132,429)
Interest income											218,994	185,808
Share of loss of equity accounted associate											-	(8,420)
Tax expense											(4,032,085)	(5,639,763)
Profit for the year											11,981,587	21,070,242
Segment assets	314,738,318	287,445,929	19,731,081	15,836,942	1,509,262	7,981,284	335,978,661	311,264,155	-	-	335,978,661	311,264,155
Unallocated assets											415,565	773,873
Total assets											336,394,226	312,038,028
Segment liabilities	78,173,105	53,058,492	2,391,883	1,016,877	790,412	765,949	81,355,400	54,841,318	-	-	81,355,400	54,841,318
Unallocated liabilities											71,174,689	82,423,092
Total liabilities											152,530,089	137,264,410
Capital expenditure	15,004,991	24,014,333	373,080	399,011	52,611	57,241	15,430,682	24,470,585	-	-	15,430,682	24,470,585
Depreciation and amortisation	13,597,393	12,349,772	617,358	511,093	302,053	120,388	14,516,804	12,981,253	-	-	14,516,804	12,981,253
Non-cash expenses other than depreciation and amortisation	6,544,657	1,679,486	83,518	65,531	635	-	6,628,810	1,745,017	-	-	6,628,810	1,745,017

26. Segmental information - Group (Cont'd)

Geographical segments

	Malaysia RM	Other ASEAN countries RM	Japan RM	Australia RM	Others RM	Total RM	Unallocated RM	Consolidated RM
2007 **Revenue from external customers**	27,205,204	42,023,953	167,323,794	62,686,747	118,975,420	518,215,118	-	518,215,118
2006 **Revenue from external customers**	125,594,867	36,914,120	160,299,251	54,137,981	92,371,944	469,318,163	-	469,318,163

	Malaysia		China		Unallocated		Consolidated	
	2007 RM	**2006 RM**	**2007 RM**	**2006 RM**	**2007 RM**	**2006 RM**	**2007 RM**	**2006 RM**
Segment assets	274,415,344	229,283,865	61,563,317	81,980,290	-	-	335,978,661	311,264,155
Capital expenditure	10,393,033	4,206,465	5,037,649	20,264,120	-	-	15,430,682	24,470,585

27. Related parties - Group/Company

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

i) Companies controlled by the Company

- subsidiaries as disclosed in Note 5

ii) Companies in which all Directors except Tengku Makram Bin Tengku Ariff, Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah 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

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

iv) Bounty Values Sdn Bhd ("BV")

- Ang Poon Chuan
- Ang See Ming
- Ang See Cheong

27.2 Related party transactions

27.2.1 Transactions with related companies :

Company	2007 RM	2006 RM
Dividend income (gross) receivable from :		
TGP	-	3,560,000
TGPIS	9,707,773	-
Purchases from :		
TGP	5,274,358	5,907,562
TGPM	10,100	-
Interest income from JUS	25,000	25,000

27.2.2 The Group's transactions with companies in which certain Directors have substantial financial interests

i) Sales to :

	2007 RM	2006 RM
KFI	2,852,120	1,859,350
NS	85,900	22,457
HFS	1,270,425	821,637

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

ii) Purchases from :

	2007 RM	2006 RM
KFI	4,386,191	3,766,166
KM	37,045	73,605

iii) Rental expense payable to :

	2007 RM	2006 RM
KP	39,600	36,900
KFI	30,000	40,000

The terms and conditions for the above transactions are based on normal trade terms. All the amounts out standing are unsecured and expected to be settled with cash.

iv) There are no individually significant outstanding balances arising from transactions other than nor mal trade transactions. Details of the balances are disclosed in Notes 7 and 15.

27.3 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 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 21).

iii) Rental of RM624,000 (2006 : RM507,000) 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.

28. 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

At balance sheet date, there were no significant concentrations of credit risk other than the following :

	Company	
	2007 RM	2006 RM
Amount due from subsidiaries	25,154,402	19,071,290

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.

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.

28. Financial instruments (Cont'd)

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 Dollar, Singapore Dollar, Japanese Yen, US Dollar and Chinese RMB.

Material foreign currency transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts. The amount of unrecognised gain associated with anticipated future transactions for the Group is approximately RM384,000 (2006 : RM422,000) and the expected timing of recognition as income is over the next six months. Where necessary, the forward foreign exchange contracts are rolled over at maturity at market rates.

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

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 rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Note	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
Group						
2007						
Financial assets						
Short term deposits	9	3.40	10,086	10,086	-	-
Financial liabilities						
Secured term loans	13	4.00	320	179	141	-
Unsecured term loans	13	4.60	7,902	2,698	5,204	-
Secured overdrafts	13	7.78	1,393	1,393	-	-
Secured bankers' acceptances	13	4.03	7,289	7,289	-	-
Secured export credit financing	13	4.00	1,498	1,498	-	-
Unsecured overdrafts	13	7.55	6,629	6,629	-	-
Unsecured revolving credit	13	4.48	6,344	6,344	-	-
Unsecured onshore foreign currency loan	13	5.80	28,108	28,108	-	-
Finance lease liabilities	13	4.10	201	147	54	-
2006						
Financial assets						
Short term deposits	9	2.07	4,424	4,424	-	-
Financial liabilities						
Secured term loans	13	4.00	493	165	328	-
Unsecured term loans	13	6.11	15,705	6,424	9,281	-
Secured overdrafts	13	7.76	1,391	1,391	-	-
Secured bankers' acceptances	13	4.38	4,082	4,082	-	-
Unsecured overdrafts	13	8.00	3,101	3,101	-	-
Unsecured revolving credit	13	5.73	5,104	5,104	-	-
Unsecured onshore foreign currency loan	13	5.77	40,463	40,463	-	-
Finance lease liabilities	13	6.63	404	260	144	-
Company						
2007						
Financial liability						
Secured overdrafts	13	7.75	144	144	-	-

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, receivables, payables and short term borrowings.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of
The aggregate fair values of other financial liabilities carried on the balance sheet as at 31 December are shown below :

	2007		2006	
Group	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial liabilities				
Secured term loans	320	* 320	493	* 493
Unsecured term loans	7,902	* 7,902	15,705	* 15,705

* The fair values of these fixed financial instruments are 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 these financial instruments, the fair values of these financial instruments therefore, closely approximate their carrying values as at the balance sheet date.

Unrecognised financial instruments

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

	2007		2006	
	Contracted amount RM'000	**Fair value RM'000**	**Contracted amount RM'000**	**Fair value RM'000**
Forward foreign exchange contracts				
- Sales	8,728	9,045	22,201	21,730
- Purchases	6,085	6,018	2,134	2,085

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

29. Subsequent events

Group

Subsequent to balance sheet date, the Customs Department of Wujiang District, Jiangsu Province, The People's Republic of China, commenced a detailed inquiry into the customs' duties paid by one of the subsidiaries in China. As at to-date, the additional customs' duties payable, if any, has yet to be determined by the Customs Authority.

Group and Company

Subsequent to balance sheet date, the Group and the Company incorporated a wholly-owned subsidiary in Vietnam, TG Plaspack (Vietnam) Co., Ltd.. The proposed charter capital is VND80,000,000,000 (equivalent to approximately RM15,900,000). The charter capital will be increased as and when necessary.

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.18876, H.S.(D)No.98/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	107,288	9-11 years	60 years, leasehold, expiring on 12.4.2052	1.67	28.11.1995
Lot.No.P.T.18877, H.S.(D)No.99/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	82,067	13 years	60 years leasehold, expiring on 12.4.2052	1.94	28.11.1995
Lot P.T.18878, H.S.(D) No.100/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory building	141,309	7 years	60 years leasehold, expiring on 4.6.2055	5.95	31.12.2004
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	Factories and office building	208,898	10-23 years	Freehold	4.24	28.11.1995
Lot P.T.48288, H.S.(D) No.12034/95 Mukim of Sungai Petani District of Kuala Muda, Kedah	Factories and office buildings	339,590	5-25 years	Freehold	4.75	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	23 years	99 years leasehold, expiring on 18.7.2092	0.17	28.05.1997
Lot No.P.T.D.89829 H.S.(D) 191571 Mukim of Pelentung District of Johor Bahru, Johor	Warehouse with office building	6,855	15 years	Freehold	0.54	31.12.2004
CL 015373672 Lorong Rambutan Off Km 11 Jalan Tuaran Kota Kinabalu, Sabah	Factory and other buildings	82,764	19 years	60 years leasehold, expiring on 31.12.2035	1.30	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jalan Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	29 years	999 years leasehold, expiring on 16.6.2914	0.12	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	16 years	60 years leasehold, expiring on 31.12.2040	0.23	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
Jiangsu Province Year 2002 Land No: 01006061 Jiulong South Road Wujiang Economic Developing Area Jiangsu, China	Factory with office buildings	315,425	2-6 years	50 years leasehold, expiring on 31.12.2049	6.75	1.1.2000
Pangjin Road Wujiang Economic Developing Area Jiangsu, China	Factory buildings	716,876	2-3 year	50 years leasehold, expiring on 08.03.2053	4.94	09.03.2004

SHAREHOLDINGS STATISTICS AS AT 6 MAY 2008

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	130	8,940	0.01
100 - 1,000	209	168,426	0.16
1,001 - 10,000	1304	5,972,507	5.68
10,001 - 100,000	566	16,988,675	16.15
100,001 - 5,260,224	84	40,162,327	38.17
5,260,225 - 105,204,500	1	41,903,625	39.83
TOTAL	2,294	105,204,500	100

DIRECTORS' SHAREHOLDINGS AS AT 6 MAY 2008

	Direct Interest No. of shares	%	Indirect Interests No. of shares	%	No. of Unexercised Options
Company					
Ang Toon Piah @ Ang Toon Huat	489,000	0.46	223,600 #	0.21	300,000
Tengku Makram Bin Tengku Ariff	40,500	0.04	-	-	-
Ang Poon Chuan	928,500	0.88	1,174,508 #	1.12	650,000
Ang Poon Seong	589,125	0.56	-	-	500,000
Ang Poon Khim	590,325	0.56	45,800 #	0.04	550,000
Lee Eng Sheng	-	-	-	-	-
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	-	-	-	-	-

\# These are shares held in the name of the spouse and children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965 with effect from 15 August 2007.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 6 MAY 2008

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

TOP 30 LARGEST DEPOSITORS (AS AT 06 MAY 2008)
(NOT CONSOLIDATED BY ID)

	NAME	NUMBER OF SHARES	% OF SHARES
1	FOREMOST EQUALS SDN BHD	41,903,625	39.831
2	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD	4,519,200	4.296
	SKIM AMANAH SAHAM BUMIPUTERA		
3	SUPERB SENSE SDN BHD	3,500,000	3.327
4	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD	3,000,000	2.852
	GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)		
5	AMMB NOMINEES (TEMPATAN) SDN BHD	2,733,750	2.599
	AMINVESTMENT BANK BERHAD(AMMBUW)		
6	GAN BOON HONG	1,682,500	1.599
7	LASER CARTEL SDN BHD	1,500,000	1.426
8	LEE AH SEE	1,468,125	1.395
9	QUARRY LANE SDN BHD	1,300,000	1.236
10	SENSIBLE MATRIX SDN BHD	1,108,869	1.054
11	TAN SOO WAN	912,750	0.868
12	TONG KIM CHUAI	593,500	0.564
13	ANG POON KHIM	590,325	0.561
14	ANG POON SEONG	589,125	0.56
15	ANG POON CHUAN	564,000	0.536
16	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD	490,000	0.466
	PLEDGED SECURITIES ACCOUNT FOR ANG SEE MING (MJK)		
17	CIMSEC NOMINEES (ASING) SDN BHD	490,000	0.466
	CIMB BANK FOR SAN TUAN SAM (MP0009)		
18	ANG TOON PIAH @ ANG TOON HUAT	489,000	0.465
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD	447,000	0.425
	PLEDGED SECURITIES ACCOUNT FOR ANG SEE MING (473567)		
20	NEOH CHOO EE & COMPANY, SDN. BERHAD	435,000	0.413
21	CHENG TUA NYA	386,700	0.368
22	SOONG AND SAW INVESTMENT TRUST SDN. BERHAD	370,000	0.352
23	CHEW SENG TOOI	367,300	0.349
24	GOH CHOON KIM	366,600	0.348
25	ANG TOON CHENG @ ANG TONG SOOI	365,375	0.347
26	ANG POON CHUAN	364,500	0.346
27	OOI CHING BEN @ OOI CHENG BIN	356,000	0.338
28	HDM NOMINEES (TEMPATAN) SDN BHD	355,100	0.338
	PLEDGED SECURITIES ACCOUNT FOR TONG KIM CHUAI (M01)		
29	ANG TOON CHENG @ ANG TONG SOOI	321,100	0.305
30	HONG WENG HWA	300,000	0.285
		71,869,444	**68.315**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of shareholders of the Company will be held at, Meranti Room, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Thursday, 26 June 2008 at 11.00a.m. to transact the following business :

1. To receive the Audited Financial Statements for the year ended 31 December 2007 and the Reports of Directors and Auditors thereon.

2. To approve a first and final tax exempt dividend of 3% for the year ended 31 December 2007. — Ordinary Resolution 1

3.(i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :-

(a) Mr Ang Toon Piah @ Ang Toon Huat — Ordinary Resolution 2
(b) Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah — Ordinary Resolution 3

(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 Seong — Ordinary Resolution 4
(b) Mr Lee Eng Sheng — Ordinary Resolution 5

4. To approve Directors' Fees of RM200,000/- for the year ended 31 December 2007. — Ordinary Resolution 6

5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration — Ordinary Resolution 7

6. AS SPECIAL BUSINESS
To consider and if thought fit, to pass the following Resolutions :-

i) **POWER TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** — Ordinary Resolution 8

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") 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 ("Bursa Securities") and that such authority shall continue in force until the conclusion of the Annual General Meeting ("AGM") commencing next after the date on which the next AGM after that date is required by law to be held whichever is earlier; but any approval may be previously revoked or varied by the Company in general meeting".

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement to the first and final tax exempt dividend of 3% only in respect of :

a) Shares transferred into the depositor's securities account before 4.00 p.m. on18 July 2008 in respect of ordinary transfers; and

b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

The first and final tax exempt dividend, if approved will be paid on 8 August 2008 to depositors registered in the Records of Depositors at the close of business on 18 July 2008.

By Order of the Board

Lam Voon Kean
Company Secretary
(MIA 4793)

Penang, 4 June 2008.

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 authorized 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 uthorized.

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 9, 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 AGM 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 THIRTEENTH ANNUAL GENERAL MEETING of the Company which will be held at, Meranti Room, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Thursday, 26 June 2008 at 11:00 a.m. or at any adjournment thereof.

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

(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 2008.

	Name of Proxy	% of shareholding
1st		
2nd		

No. of Ordinary Shares Held

____

Signature of Shareholder

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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