REBOUNDING

annual report 08

THONG GUAN
INDUSTRIES BERHAD
(324203-k)

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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, Non Independent Executive 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
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

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 of plastic and paper products.

100% **TGP MARKETING SDN. BHD.** *(531508-T)*
Manufacturing and marketing of plastic packaging products.

100% **SYARIKAT THONG GUAN TRADING SDN. BHD.** *(29442-K)*
Manufacturing of beverages and trading of beverages, plastic and paper products and machinery.

100% **THONG GUAN PLASTIC INDUSTRIES (SUZHOU) CO., LTD.***
Manufacturing and trading of plastic packaging products.

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

100% **UNIANG PLASTIC INDUSTRIES (SABAH) SDN. BHD.** *(57039-K)*
Manufacturing and sale of film blown plastic products and flexible plastic packaging products.

100% **JAYA UNI'ANG (SABAH) SDN. BHD.** *(96114-P)*
Trading in film blown plastic products, food and consumable products.

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

70% **888 CAFE SDN. BHD.** *(635778-D)*
Dormant

100% **EBONTECH SDN. BHD.** *(537672-V)*
Dormant

100% **TG Plaspak (Vietnam) CO., LTD.*****
Dormant

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

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 2008.

Economic Review

The global economy was set apart by two distinct scenarios in 2008, both a continuation from situations in 2007. The first half was the continuation of high inflation with high prices of crude oil (unprecedented record high of USD 147/barrel), food and other commodities. The sub-prime mortgage problem in the United States (US) exploded in the second half of the year causing the default and eventual failures of some major financial institutions in the US. The domino effect caused further defaults that developed into a systemic failure of the financial system. Governments in the advanced economies reacted by injecting massive amount of fund and capital to strengthen the balance sheets of the financial institutions. Despite the aggressive measures, the global stock market capitalization declined by 45% to USD 29 trillion in 2008 (2007: USD 53 trillion). The huge wealth destruction (44% of the world's GDP) severely suppressed consumer spending and market confidence, created a massive credit crunch and a dysfunctional financial market that would lead to major recessions in economies throughout the world. Many believed this would lead to a major depression, more severe than the last one in the 1930s.

At the local front, the Malaysian economy showed some relative resilience whereby growth moderated to 4.6% in 2008 (2007: 6.3%). The growth was continued to be driven by the largest sector in the economy, the services sector which grew 7.3% (2007: 9.7%) to command a 55.0% (2006: 53.4%) share of the total Malaysian Gross Domestic Product (GDP). Foreign direct investment into Malaysia increased to RM 51 billion in 2008 (2007: RM 46.2 billion) despite the slower inflow in the second half of the year. The Malaysian Ringgit depreciated by 5% against the US Dollar (USD) in 2008 to close the year at RM 3.47 against the USD.

The economic growth was overshadowed by relative high average annual inflation of 5.4% (2007: 2%). The inflation rate peaked in July 2008 at 8.5% subsequent to the 40.4% adjustment of the retail fuel price. The Bank Negara Malaysia (BNM)'s Overnight Policy Rate was reduced drastically to 2% from 3.5% amidst global trend to expansionary policy to boost growth in a highly uncertain environment. The labour market softened in the second half of the year as a knee jerk effect to the global financial turmoil and unemployment rate crept to 3.7% (2007: 3.5%).

Industry Trends & Development

The manufacturing sector chalked up a slower growth of 1.3% in 2008 (2007: 3.1%) as the expansion in domestic oriented industries (8%) continued to cushioned the effects of the contraction of the export oriented sector (-1.2%).

The total turnover of the Malaysian Plastic industry registered a moderate growth of 4.8% (2007: 3%) to RM 16.1 billion in 2008. Growth in volume could be moderate due to the cost-push factors whereby the cost of plastic resin raw materials had increased by about 30% in 2008. It however declined sharply by more than 55% from September to December 2008. Cost of electricity, a major cost component, had increased by 26.6% in June 2008. Other input including chemicals, additives and packaging materials have also increased substantially. Export of plastic products increased by 11.6% in 2008 from RM8.33 billion to RM9.30 billion, accounting for approximately 58% of the total plastic products manufactured.

Total resin consumption increased by about 5% to 1.73 million tons in 2008. Approximately 40% of the resins consumed are imported. Supply of resins are expected to gradually ease and turn into a major surplus situation when the major petrochemical plant expansions taking place from 2008-2011 especially in the Middle East and Asia comes on stream. It is expected that an additional 20 million tons of new capacity will flood the market from the Middle East (Saudi Arabia, Iran, Qatar, UAE, Kuwait, Egypt and Libya) alone in the next three years. These resins would mostly be produced from natural gas and is expected to be priced very competitively due to the low price of gas in the Middle East. Average cost of polyethylene resins had almost tripled over the period of four years between 2005 (USD 700/ton) and 2008 (USD 1,800/ton), driven by the escalating crude oil and gas prices and global shortages, before the sharp drop beginning September 2008.

Group Performance

The Group registered a 8.95% growth in revenue from RM 518.2 million in 2007 to RM 564.6 million in 2008. Group profit before tax (PBT) was RM 3.8 million, a decrease of 76.3% from the RM 16.0 million recorded in 2007. Turnover growth is mainly attributable to increase export sales and price increase due to the increased in raw material and other input costs. The sharp drop of PBT was mainly attributable to the written down of inventory values to its net realizable value and discounts provided to customer due to the sharp drop of raw material prices in the final quarter of the year. The Group had also registered its first ever quarterly loss in the final quarter of the year due to the unforeseen event.

Dividend

The Board of Directors has recommended a final tax-exempt dividend of 2 sen per ordinary share amounting to approximately RM 2.1 million or 45.2% of profit after tax and minority interest for the year ended 31 December 2008 (2007: 3 sen, RM 3.2 million, 26.9%).

Prospects

The global economy is not anticipated to register a growth in 2009, with many economies expected to plunge into recession. Global financial markets will remain under stress in 2009 in spite of the extensive measures including the many massive stimulus packages introduced by Governments throughout the world. The weak financial positions of the financial sector in the major economies is expected to be further weaken the situation. The expected losses of US-originated credit assets held by banks and other financial institutions could increase to USD2.2 trillion. In the US, private consumption is expected to remain depressed in view of the continuous weaknesses in both the labour and housing markets. Since 2008, job losses in the US have increased to 4.4 million, while households have experienced wealth destruction of more than USD11.2 trillion due to the sharp drops in house and equity prices. The International Monetary Fund has forecasted that world trade will shrink by 2.8% and all the major economies including the US, Euro Area, Japan and the Newly Industrialised Countries (South Korea, Taiwan, Singapore, Hong Kong) will suffer contraction in 2009. Rapid growth in the BRIC (Brazil, Russia, India and China) economies is expected to moderate in 2009 despite a massive stimulus package in China. Oil prices are expected to remain subdued as the decline in global demand is likely to outweigh the cuts in production initiated by the Organisation of Petroleum Exporting Countries (OPEC). Similar trends are expected to be observed in other commodities, including agriculture and base metals, reflecting the broad-based decline in global demand.

The Malaysia economy which has seen exports and industrial production declining in the last quarter of 2008 is expected to experience the full impact of the global downturn in 2009 with deterioration in demand dampening private investment and consumption which will lead to a weaker labour market and a vicious circle of contraction. In response, several policy measures have been put in place with a primary focus on supporting domestic demand. On 4 November 2008, the Government announced the first economic stimulus package amounting to RM7 billion. The funds would be allocated to projects which have a high and immediate multiplier impact on the economy. In addition, several measures to directly support private consumption were also introduced, such as a reduction of EPF contributions from 11% to 8% and higher vehicle loan eligibility for civil servants. As the global economic conditions deteriorated further in the fourth quarter of 2008 and in the early part of 2009, a second economic stimulus package of RM60 billion or almost 9% of GDP was announced on 10 March 2009. The package will be implemented over 2009 and 2010, and will involve spending on training, job creation, improving public infrastructure, school facilities and basic amenities. With the risk of inflation receding, the easing of the monetary policy has been front-loaded and directed towards supporting domestic economic activity by reducing the OPR by 150 basis points since November 2008 to 2.0%, while the Statutory Reserve Requirement has been reduced by 300 basis points to 1%. Despite all the initiatives, the Malaysian economy contracted by a massive 6.2% in the first quarter of 2009.

BNM has projected that the Malaysian economy will experience between a growth of 1% to a contraction of 1% in 2009. It further projected the manufacturing sector to shrink by 8% in 2009 with deeper decline in the export oriented industries. The Malaysian Plastic Manufacturer's Association painted a bleak outlook for the plastic industry in 2009. However, it is of the view that the expected increase in supply of resins and the decline in prices provide an opening for Malaysian producers to enhanced export opportunities.

With the general gloomy prospects of the global and local economy, the Group will be especially cautious moving forward with conservative policies and practicing constant evaluation of the environment. At the time of writing, the price of polyethylene resin has remained at high levels hovering in the region USD 1,150/ton. The Group has endeavored to strengthen its Balance Sheet and profitability. Total Group borrowings have been reduced to approximately one tenth of total equity and the Group is vigorously tightening credit to reduce receivables. The Group is focusing on effort to return to acceptable profitability rates and is recovering from its first ever quarterly loss.

Despite the unfavorable outlooks, the Management is confident that the Group possesses considerable resilience and strength to weather the challenges ahead. We believe that the industry still hold much potential and are looking forward to promising results in the near future. The Group is optimistic that it will be able to achieve satisfactory profitability level in 2009.

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, associates and the authorities for their continued trust, confidence, support and guidance.

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 80, 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 five 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 58, 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 five 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 65, 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 43 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 out of the five 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 54, 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 Employees' Share Option Scheme Committee. He has attended all the four out of the five 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 53, Malaysian, was appointed as the Non-Independent Executive Director on 18 September 1997. He is the Managing Director of Jaya Uni'ang (Sabah) Sdn. Bhd. and Uniang Plastic Industries (Sabah) Sdn. Bhd., both 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 four out of the five 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 46, 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 five Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He 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 74, Malaysian, was appointed as the Independent Non-Executive Director on 11 August 2004. He graduated from the University of Malaya, Singapore before he entered the Kedah State Civil Service. He rose through the ranks and was appointed State Director of Land and Mines, State Financial Officer and finally the State Secretary before retiring in November, 1989.

He serves as a member of Audit Committee of TGI. He has attended all the five Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest with the Company. He 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

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

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

In 2008, we continued to support educational, charitable and other meaningful social causes through direct donations and in-kind support. Through these efforts, we hope to not only foster community spirit but also encourage our employees and business associates to be actively involved in these programmes.

Education

Every year, the Group recruits students for its internship initiative where students from colleges, technical schools and universities from both local and overseas are selected for industrial and practical training in the Group's operations. Under this initiative, more than 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 learning, the internship programme is an educational platform for hands-on experience and on-the-job training. The initiative also gives students a head start in their career when suitable trainees are offered job opportunities upon completion of their tertiary studies.

Community Care

In our commitment towards community development and life-long education, the Group welcomes social groups and learning institutions to our manufacturing plants, both to our plastic packaging and beverage processing factories for educational trips. The Group has 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 2008, 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, the Group is a corporate sponsor for the Malaysian national table tennis team and is also the proud sponsor of the Malaysian national women champion, Ms. Ng Sock Khim. Ms. Ng 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

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

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

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors remains committed to achieving and maintaining the highest standards of corporate governance and effective application of the principles and best practices set out in the Malaysian Code of Corporate Governance (the Code).

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. Internal Audit Department

A. BOARD OF DIRECTORS

Board Duties and Responsibilities

For the financial year ended 2008, the composition of the Board was reduced from eight (8) to seven (7) members due to the demise of Dato' Ang Toon Cheng. The Group recognizes the pivotal role played by the Board in the stewardship of its direction and ultimately to enhance long-term shareholders 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 2008, the Board met on five (5) 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. 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 Company Secretary, undertake the primary responsibility for preparing and organizing information necessary for the Board to deal with. 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 confirmed minutes of the previous meeting are 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 2008 are as follows:

Directors	Attendance
Executive Directors	
Ang Toon Piah @ Ang Toon Huat	5/5
Ang Poon Chuan	4/5
Ang Poon Khim	4/5
Ang Poon Seong	4/5
Independent Non-Executive Directors	
Tengku Makram Bin Tengku Ariff	5/5
Lee Eng Sheng	5/5
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	5/5

Board Committees

The Board has delegate 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 proceeding and deliberations. The Chairman of the various Committees will report to the Board on the outcome of the Committee meetings and such reports are incorporated into the minutes of the Board meetings.

Board Balance

The Board currently has seven (7) 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 four (4) Executive Directors.

The Board has within it, professional drawn from varied background 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 role of Chairman and the Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authorities. The Chairman is responsible for ensuring Board effectiveness and conduct while the Managing Director will have overall responsibilities over the operating units, organizational effectiveness, implementation of Board policies and decision in achieving the corporate objectives of the Group. The presence of Independent Non-Executive Directors are essential to provide an unbias and independent view, advice, and judgment 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 fulfill that role, as the Chairman at each meeting normally encourage participation and discussion by all Directors. The Board is satisfied that current Board compositions fairly reflect the investment of minority shareholders in the Company.

Supply of Information

The Chairman ensure that all Directors have full and timely access to information with Board papers and agendas on matters requiring the Board's consideration issued with appropriate notice in advance of each meeting to enable Directors to obtain further explanations from the Managing Director or his management team, where necessary, in order to be briefed properly before the meetings.

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 is made up of the following members and their attendance of meeting is set out below:

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

The Nominating Committees' 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's effectiveness, its Committees, and individual Director including Independent Non Executive Director's 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 Board through the Nominating Committee's annual appraisal believes that the current composition of the Board brings the required mix of skill and core competencies required for the Board to discharge its duties effectively. The Committee met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's Annual General Meeting (AGM). New appointees will be considered and evaluated by the Nominating Committee. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Directors' Continual Professional Development

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

The Board took the view that familiarization visits to the various operational sites would equip the Directors with a working understanding of the Group's operations. This is geared towards ensuring that new Directors are able to appreciate the Group's operating environments and business dynamics and therefore able to contribute effectively in the Board's deliberations. Nonetheless, the Directors will continue to undergo other relevant training programs to further enhance their skills and knowledge. The Company Secretary circulates relevant guideline to update the Directors on statutory and regulatory requirements changes from time to time.

Re-election of Directors

The Company's Article of Association states that at least one-third of the Board is subject to retirement by rotation at each AGM. The Directors to retire at the AGM are the Directors who have been longest in office since their appointment or re-appointment and in any case at least once in every three (3) years. Newly appointed Directors shall hold office until the next AGM where they shall retire. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act1965.

Retiring Directors are eligible for re-appointment. Such provisions give an opportunity to the shareholders to renew/repeal their mandate. Each Director is voted separately during election. All relevant information such as personal profile, meeting attendance and shareholdings in the Group of each Director standing for election are furnished in the Annual Report to assist shareholders in their decision.

B. DIRECTOR'S REMUNERATION

Re-election of Directors

Shareholders at the AGM approved the annual fees payable to Directors. The Remuneration Committee comprised the following members during the year:

Directors		Attendance
Lee Eng Sheng	Chairman, Independent Non Executive Director	1/1
Ang Poon Chuan	Member, Managing Director	0/1
Tengku Makram Bin Tengku Ariff	Member, Independent Non Executive Director	1/1

The Remuneration Committee met once during the financial year. The meeting was attended by two out of the three members of the Remuneration Committee. 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 this remuneration package.

The aggregate remuneration of Directors for the financial year ended 31 December 2008 is as follows:

Category	Fees (RM'000)	Salaries (RM'000)	Bonuses (RM'000)	Others (RM'000)
Executive Directors	201	1,214	310	133
Non-Executive Directors	101	-	-	11

The number of Directors of the Company whose total remuneration falls within the following band is as follows:-

	Number of directors	
Range of remuneration	Range of remuneration	Range of remuneration
Below RM50,000	-	3
RM150,001 to RM200,000	1	-
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 releases 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 operation 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.

Whilst the Company endeavors to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The Directors and Management met regularly with investment analysts, institutional shareholders, investors, and members of the medias 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, primarily through the annual financial statements and quarterly announcement of the results to shareholders as well as the Chairman's statement in the annual report. The Directors are responsible in ensuring the annual financial statements are prepared in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

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

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

A general responsibility of the Directors are 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 Directors are fully aware of their responsibilities to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. The Directors' responsibilities for the Group's system of internal controls cover not only the financial aspect but also operational and compliance controls as well as risk management. Within the Internal Audit Department, the Board has set in place the mechanism to assist the Audit Committee and the Board in the on-going process for identifying, evaluating and managing the significant risks faced by the Group. The statement on Internal Control furnished herein in this Annual Report provides an overview of the state of internal control within the Group.

Relationship with the Auditors

The Board has maintained a close and transparent relationship with its auditors. The role of the Audit Committee in relation to the internal and external auditors is described in the Audit Committee Report in this Annual Report.

Compliance Statement

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

- 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 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 fill the role.

- 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. Nevertheless, the Board will review the necessity for a formal orientation programme for its new Directors from time to time.

Other Information

Non-Audit Fees

The amount of non-audit fees incurred to the external auditors and/or their affiliates by the Company and its subsidiaries is RM63,550 for the financial year ended 31 December 2008.

Material Contract

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

STATEMENT ON INTERNAL CONTROLS

Introduction

The Board acknowledges its responsibility for the Group's system of internal control, which include establishment of an effective control environment and appropriate internal control framework, as well as to review its adequacy and integrity. Due to limitations inherent in any system of internal control, it is important to note that the system is designated to manage, rather than eliminate the risk of failure. Therefore, the system can only provide a reasonable, and not absolute, degree of assuance that assets are safeguarded against material loss or misstatement.

The Group's internal control mechanism is embedded in the various work processes and procedures at appropriate levels in the Group. The Managing Director (MD), Executive Directors (ED) and Senior Management monitor the daily operation, review operation reports and participate in Management Meetings. Any significant or material issues are brought to the attention of the MD and EDs on a timely basis. The Audit Committee is also responsible for reviewing and monitoring the effectiveness of the Group's system of internal control. In this respect , the Internal Audit Departmenty (IAD) of the Company, which is independent of Management, conducts regular reviews on the Group's various operation and report directly to the Audit Committee. The external auditor provides assurance in the form of their annual statutory audit of the financial statement. Further areas for improvement identified during the course of audit by the external auditor are brought to the attention of the Audit Committee through management letters or discussion at the Audit Committee meetings.

Risk Management Framework

In the prior years, the Board had appointed a firm of consultants to assist it in establishing a risk management framework for the Group. The IAD has taken over the management of the framework and has continued, updated and improved on the work of the consultants. The Department has conducted awareness presentations and briefings to educate all employees on the areas of risk identification, evaluation, control and monitoring within their business processes.

Internal Audit Department

The Group's (IAD) reports directly to the Audit Committee. Its role is to provide the Committee with reasonable assurance on the adequacy and integrity of the Group's internal control system through regular reviews and monitoring. The Audit Committee provides direction and oversight over the function as well as reviews and approves its annual audit plan.

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

- Mapping out of the current state of procedures and processes for ease of understanding and reference with the aim of identifying areas for improvements.
- Identifying potential areas that lack control and efficiency from the process map.
- Testing and conducting audit on identified risk area.
- Evaluating other areas and matters pertinent to the Company for compliance.
- Holding meeting with auditees to agree on findings.
- Reporting of irregularities to Management and Audit Committee and provide recommendation to mitigate the risk identified.
- Ensuring compliance with applicable laws, regulations, rules, directives and guidelines by the various authorities and those set up by the Management.
- Carrying out ad-hoc investigation and special review requested by Management.

Other Risk and Control Processes

- The Group's Policies and Guideline Booklet, sets out the policies, procedures and expected standards of the Group's operations to be followed by all employees. The policies and procedures are regularly reviewed and updated to maintain its effectiveness over time.
- The Group has in place a Management Reporting mechanism whereby financial information is generated and reviewed by Management and the Board on a timely basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior years, with major variances explained and appropriate action taken.
- The Group sets out annual budget and target for every operating division. Analysis, data comparison and reporting of variances against target are presented in the Group's various Management Meetings which act as a monitoring and controlling mechanism.

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

AUDIT COMMITTEE REPORT

Audit Committee Members

The Board of Directors is pleased to present the Audit Committee report for the financial year ended 31December 2008. The Audit Committee currently comprises the following directors: -

Directors		Attendance
Tengku Makram Bin Tengku Ariff	- Chairman, Independent Non-Executive Director	5/5
Lee Eng Sheng	- Member, Independent Non-Executive Director (Member of Malaysian Institute of Accountants)	5/5
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	- Member, Independent Non-Executive Director	5/5

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 would be present by invitation at all the meetings. The Group's Internal Audit Manager, Senior Management and representatives of the external auditors would also attended the meetings, upon invitation.

The Audit Committee 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 the Committee 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;
- Reviewed the adequacy of internal and external audit procedure;
- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

Internal Audit Department

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

During the financial year ended 31 December 2008, the areas audited included audits of the various departments covering all the factories and subsidiaries within the Group. Internal audit reports were issued to the Audit Committee regularly and tabled in the Audit Committee meetings. The reports were also copied to the respective operational managers, incorporating audit recommendations and management responses with regards to any audit findings. The IAD would also conduct follow through exercises and reviews with the respective managers on the implementation of the agreed audit

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.

The Board shall at all time ensure that all members of the Audit Committee are 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 members of MIA, he must have at least three (3) years of working experience and he or she must have passed the examination specified in part I of the 1st Schedule of the Accountant Act 1967; or
- he or she must be a member of the association of accountants specified in part II of the Accountant 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.

AUDIT COMMITTEE REPORT (CONT'D)

Quorum and Committee's procedures

The Committee shall meet at least four (4) times a year and such additional meeting as the Chairman shall decide in order to fulfill its duties.

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 deem 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 IAD and external auditors in separate sessions to discuss any matters 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 authorized 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 to be 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

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.

AUDIT COMMITTEE REPORT (CONT'D)

Responsibilities and duties (cont'd)

The Committee shall undertake and carry out the following responsibilities and duties:

- 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 IAD.

- 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:

  i) going concern assumption;
  ii) any changes in or implementation of major accounting policies and practise;
  iii) significant or unusual events;
  iv) compliance with accounting standards and other legal requirements; and
  v) 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 Employees' Share Option Scheme (ESOS) of the Company.

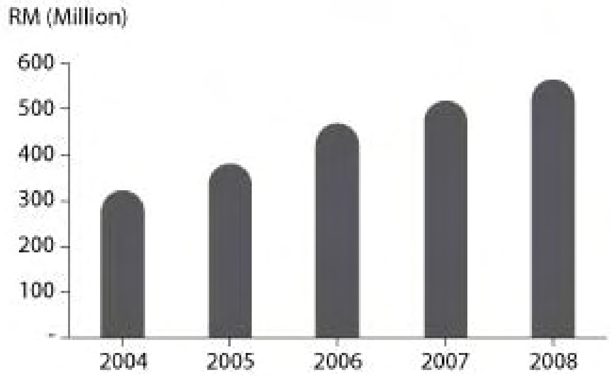
- Any other activities, as authorised or instructed by the Board.

FINANCIAL SUMMARY

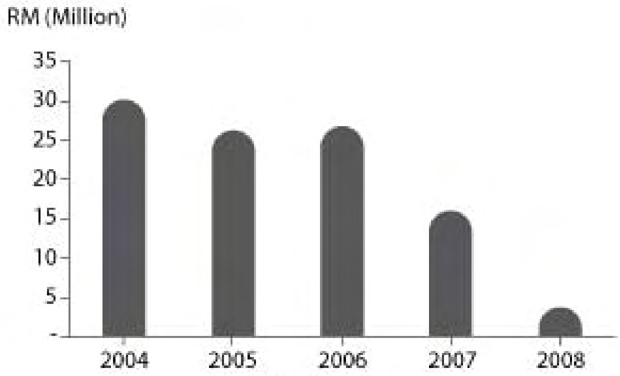
In RM '000	2004	2005	2006	2007	2008
Turnover	321,701	380,428	469,318	518,215	564,558
Profit Before Taxation	30,085	26,124	26,710	16,014	3,815
Profit Attributable To Shareholders	26,805	22,556	21,071	12,008	4,646
Dividends	5,260	5,260	3,156	3,156	2,104
Shareholders' Fund	134,464	160,450	174,747	183,864	191,705

In Sen	2004	2005	2006	2007	2008
Earning Per Share	*26.94	21.61	20.03	11.41	4.42
Net Tangible Assets Per Share	*134.19	152.51	166.10	174.77	182.22
Gross Dividend Per Share	5.00	5.00	3.00	3.00	2.00

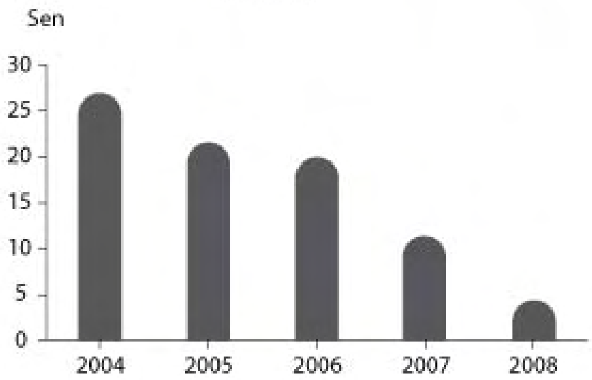
* Adjusted for bonus issue (1 for 2)



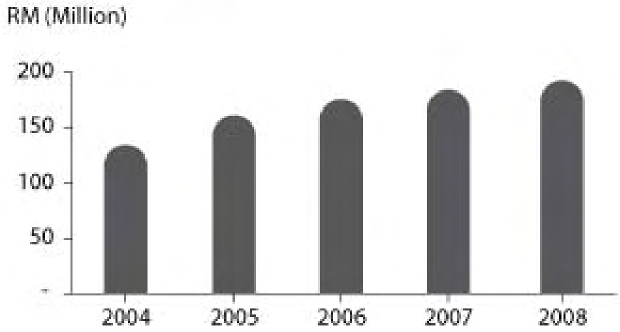
Turnover



Profit Before Tax



Net Earnings Per Share



Shareholders' Fund

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

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	4,645,918	2,131,102

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 3 sen per ordinary share, totalling RM3,156,135 in respect of the financial year ended 31 December 2007 on 18 August 2008.

A final dividend of 2 sen per ordinary share tax exempt has been proposed by the Directors in respect of the financial year ended 31 December 2008, 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
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	

Directors' interests

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

Interest in the Company	Number of ordinary shares of RM1 each Balance at 1.1.2008	Bought	(Sold)	Balance at 31.12.2008
Tengku Makram Bin Tengku Ariff				
- own	40,500	-	-	40,500
Ang Poon Chuan				
- own	928,500	-	-	928,500
- others #	1,129,508	276,000	-	1,405,508
Ang Toon Piah @ Ang Toon Huat				
- own	469,000	20,000	-	489,000
- others #	203,600	-	(42,600)	161,000
Ang Poon Seong				
- own	589,125	-	-	589,125
Ang Poon Khim				
- own	590,325	-	-	590,325
- others #	105,800	-	(60,000)	45,800

	Number of options over ordinary shares of RM1 each Balance at 1.1.2008	Granted	(Exercised)	Balance at 31.12.2008
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

These are shares held in the name of the spouses and/or children and are regarded as interest of the Directors in accordance with Section 134(12)(c) of the Companies Act, 1965.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of 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;

ii) Rental payable to companies in which certain Directors have substantial financial interests; and

iii) Sales and rental payable to companies in which close member of the family of certain Directors of the Company are deemed to have substantial financial interest.

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 aggregate, 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; and

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 1.1.2008**	**Granted**	**(Exercised)**	**(Lapsed)**	**Balance at 31.12.2008**
12.11.2005	1.73	7,867,000	-	-	(898,500)	6,968,500

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.

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, except for the inventories written down of RM12.2 million as disclosed in Note 8 of the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 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.

Significant events

Details of such events are as disclosed in Note 28 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 : 28 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 66 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

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 : 28 April 2009

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 66 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 28 April 2009.

Ang See Ming

Before me :

Ishak b. Yaakub (No.: K041)
Commission for Oaths
Sungai Petani
Kedah Darul Aman

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

Report on the Financial Statements

We have audited the financial statements of Thong Guan Industries Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 66.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act 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 Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
AF 0758
Chartered Accountants

Lee Kean Teong
1857/02/10 (J)
Chartered Accountant

Date : 28 April 2009

Penang

Consolidated balance sheet at 31 December 2008

	Note	2008	2007
		RM	RM
Assets			
Property, plant and equipment	3	106,645,103	115,895,691
Prepaid lease payments	4	7,012,086	6,846,935
Other investment	6	2,100,369	2,873,511
Total non-current assets		115,757,558	125,616,137
Receivables, deposits and prepayments	7	76,298,006	77,967,942
Inventories	8	90,769,840	106,728,910
Current tax assets		1,733,844	415,565
Cash and cash equivalents	9	13,215,042	25,665,672
Total current assets		182,016,732	210,778,089
Total assets		297,774,290	336,394,226
Equity			
Share capital	10	105,204,500	105,204,500
Reserves	11	86,500,585	78,659,637
Total equity		191,705,085	183,864,137
Liabilities			
Loans and borrowings	12	291,277	5,398,677
Deferred tax liabilities	13	7,044,281	9,279,754
Total non-current liabilities		7,335,558	14,678,431
Payables and accruals	14	40,432,081	81,355,400
Loans and borrowings	12	55,193,238	54,284,814
Current tax liabilities		3,108,328	2,211,444
Total current liabilities		98,733,647	137,851,658
Total liabilities		106,069,205	152,530,089
Total equity and liabilities		297,774,290	336,394,226

The notes on pages 33 to 66 are an integral part of these financial statements.

Consolidated income statement for the year ended 31 December 2008

	Note	2008 RM	2007 RM
Continuing operations			
Revenue	15	564,557,830	518,215,118
Cost of goods sold		(526,247,910)	(471,959,192)
Gross profit		38,309,920	46,255,926
Other income		5,151,759	5,461,404
Distribution expenses		(19,429,807)	(16,117,428)
Administrative expenses		(15,635,191)	(16,592,190)
Other expenses		(2,482,418)	(201,529)
Results from operating activities	16	5,914,263	18,806,183
Interest income		166,231	218,994
Finance costs	18	(2,265,558)	(3,011,505)
Profit before tax		3,814,936	16,013,672
Tax expense	19	830,982	(4,032,085)
Profit for the year		4,645,918	11,981,587
Attributable to :			
Shareholders of the Company		4,645,918	12,007,944
Minority interest		-	(26,357)
Profit for the year		4,645,918	11,981,587
Basic earnings per ordinary share (sen)	21	4.42	11.41
Diluted earnings per ordinary share (sen)	21	4.42	11.41
Dividend per ordinary share - gross (%)	22	2	3

The notes on pages 33 to 66 are an integral part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2008

		Attributable to shareholders of the Company							
		Non-distributable				Distributable			
	Note	Share capital	Share premium	Translation reserve	Statutory reserve	Retained earnings	Total	Minority interest	Total equity
		RM	RM	RM	RM	RM	RM	RM	RM
At 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 #		-	-	265,067	-	-	265,067	-	265,067
Statutory reserve		-	-	-	3,974,392	(3,974,392)	-	-	-
Profit for the year		-	-	-	-	12,007,944	12,007,944	(26,357)	11,981,587
Dividends to shareholders	22	-	-	-	-	(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
Exchange differences on translation of the financial statement of foreign entities #		-	-	6,184,669	166,496	-	6,351,165	-	6,351,165
Profit for the year		-	-	-	-	4,645,918	4,645,918	-	4,645,918
Dividends to shareholders	22	-	-	-	-	(3,156,135)	(3,156,135)	-	(3,156,135)
At 31 December 2008		105,204,500	3,938,567	4,989,224	4,140,888	73,431,906	191,705,085	-	191,705,085
			Note 11	Note 11	Note 11	Note 11			

- represents net gain not recognised in the income statement.

The notes on pages 33 to 66 are an integral part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2008

	Note	2008 RM	2007 RM
Cash flows from operating activities			
Profit before tax from continuing operations		3,814,936	16,013,672
Adjustments for :			
Depreciation of property, plant and equipment	3	14,560,202	14,364,713
Amortisation of prepaid lease payments	4	157,832	152,091
Gain on disposal of property, plant and equipment		(434,842)	(953,371)
Interest income		(166,231)	(218,994)
Interest expense	18	2,265,558	3,011,505
Property, plant and equipment written off		261,595	23,609
Allowance for diminution in value of other investment	6	773,142	-
Operating profit before changes in working capital		21,232,192	32,393,225
Changes in working capital :			
Inventories		17,095,271	(19,278,999)
Receivables, deposits and prepayments		3,914,034	2,044,002
Payables and accruals		(40,873,404)	26,067,720
Cash generated from operations		1,368,093	41,225,948
Taxes paid		(1,805,542)	(4,202,254)
Net cash (used in)/generated from operating activities		(437,449)	37,023,694
Cash flows from investing activities			
Acquisition of property, plant and equipment	A	(4,931,522)	(15,370,682)
Acquisition of prepaid lease payments	4	-	(25,696)
Proceeds from disposal of property, plant and equipment		2,605,224	6,926,871
Interest received		166,231	218,994
Acquisition of other investment		-	(879,842)
Net cash used in investing activities		(2,160,067)	(9,130,355)
Cash flows from financing activities			
Interest paid		(2,265,558)	(3,011,505)
Repayment of finance lease liabilities		(143,928)	(263,637)
Repayment of term loans, net		(6,755,324)	(7,976,371)
Drawdown/(Repayment) of other bank borrowings, net		3,612,209	(6,409,566)
Dividends paid	22	(3,156,135)	(3,156,135)
Net cash used in financing activities		(8,708,736)	(20,817,214)
Net (decrease)/increase in cash and cash equivalents		(11,306,252)	7,076,125
Cash and cash equivalents at 1 January		17,643,916	10,537,133
Effects of exchange rate fluctuations on cash held		1,293,595	30,658
Cash and cash equivalents at 31 December	B	7,631,259	17,643,916

Notes

A. *Property, plant and equipment*
During the year, the Group acquired property, plant and equipment with an aggregate cost of RM5,396,522 (2007 : RM15,430,682) of which RM465,000 (2007 : RM60,000) was acquired by means of finance lease instalment plan. The remaining of RM4,931,522 (2007 : RM15,370,682) 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	2008 RM	2007 RM
Cash and bank balances	9	13,215,042	15,579,400
Short term deposits with licensed banks	9	-	10,086,272
Bank overdrafts repayable on demand	12	(5,583,783)	(8,021,756)
		7,631,259	17,643,916

The notes on pages 33 to 66 are an integral part of these financial statements.

Balance sheet at 31 December 2008

	Note	2008	2007
		RM	RM
Assets			
Investments in subsidiaries	5	55,178,154	59,294,335
Other investment	6	2,100,369	2,873,511
Total non-current assets		57,278,523	62,167,846
Receivables, deposits and prepayments	7	29,054,304	28,003,466
Current tax assets		39,581	25,000
Cash and cash equivalents	9	146,999	13,920
Total current assets		29,240,884	28,042,386
Total assets		86,519,407	90,210,232
Equity			
Share capital	10	105,204,500	105,204,500
Reserves	11	(20,507,648)	(19,482,615)
Total equity		84,696,852	85,721,885
Liabilities			
Payables and accruals	14	1,822,555	4,344,387
Loans and borrowings	12	-	143,960
Total current liabilities		1,822,555	4,488,347
Total equity and liabilities		86,519,407	90,210,232

The notes on pages 33 to 66 are an integral part of these financial statements.

Income statement for the year ended 31 December 2008

	Note	2008	2007
		RM	RM
Continuing operations			
Revenue	15	9,848,848	15,039,560
Cost of goods sold		(853,520)	(5,284,458)
Gross profit		8,995,328	9,755,102
Other income		244,031	11,503
Administrative expenses		(508,749)	(437,413)
Other operating expenses		(6,624,577)	-
Results from operating activities	16	2,106,033	9,329,192
Interest income		25,069	25,000
Profit before tax		2,131,102	9,354,192
Tax expense	19	-	-
Profit for the year		2,131,102	9,354,192

Statement of changes in equity for the year ended 31 December 2008

	Note	Share capital	Non- distributable Share premium	Accumulated losses	Total
		RM	RM	RM	RM
At 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	22	-	-	(3,156,135)	(3,156,135)
At 31 December 2007		105,204,500	3,938,567	(23,421,182)	85,721,885
Profit for the year		-	-	2,131,102	2,131,102
Dividends to shareholders	22	-	-	(3,156,135)	(3,156,135)
At 31 December 2008		105,204,500	3,938,567	(24,446,215)	84,696,852
			Note 11	Note 11	

The notes on pages 33 to 66 are an integral part of these financial statements.

Cash flow statement for the year ended 31 December 2008

	Note	2008	2007
		RM	RM
Cash flows from operating activities			
Profit before tax from continuing operations		2,131,102	9,354,192
Adjustments for :			
Interest income		(25,069)	(25,000)
Dividend income		(8,986,860)	(9,707,773)
Impairment losses on investments in subsidiaries	5	5,851,435	-
Allowance for diminution in value of other investments	6	773,142	-
Operating loss before changes in working capital		(256,250)	(378,581)
Changes in working capital :			
Receivables, deposits and prepayments		7,936,022	(7,628,601)
Payables and accruals		(2,521,832)	1,948,095
Cash generated from/(used in) operations		5,157,940	(6,059,087)
Dividend received		-	9,707,773
Tax (paid)/refunded		(14,581)	136,885
Net cash generated from operating activities		5,143,359	3,785,571
Cash flows from investing activities			
Interest received		25,069	25,000
Subscription for investment in a subsidiary		(1,735,254)	-
Acquisition of other investment		-	(879,842)
Net cash used in investing activity		(1,710,185)	(854,842)
Cash flows from financing activity			
Dividend paid	22	(3,156,135)	(3,156,135)
Net cash used in financing activity		(3,156,135)	(3,156,135)
Net increase/(decrease) in cash and cash equivalents		277,039	(225,406)
Cash and cash equivalents at 1 January		(130,040)	95,366
Cash and cash equivalents at 31 December	A	146,999	(130,040)

Note

A. *Cash and cash equivalents*

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

	Note	2008	2007
		RM	RM
Cash and bank balances	9	146,999	13,920
Bank overdrafts repayable on demand	12	-	(143,960)
		146,999	(130,040)

The notes on pages 33 to 66 are an integral part of these financial statements.

Notes to the financial statements

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

Principal place of business

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

Registered office

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 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 28 April 2009.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective :

FRSs/Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

The Group and the Company plan to apply the abovementioned FRSs/Interpretations from the annual period beginning 1 January 2010 except for FRS 4 which is not applicable to the Group and the Company.

The impact of applying FRS 7 and 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 the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

FRS 8, Operating Segments

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business and geographical segments (see note 25). The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

(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 other than those disclosed in the following notes:

- Note 7 - Measurement of allowance for doubtful debts
- Note 8 - Measurement of net realisable value of inventories

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by 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 case 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.
- TGP Plaspack (Suzhou) Co., Ltd.
- TG Plaspack (Vietnam) 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 purchase 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.

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.

2. Significant accounting policies (Cont'd)

(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, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(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, are translated to RM at exchange rates at the balance sheet date. The income and expenses of operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

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

(ii) 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.

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. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(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.

2. Significant accounting policies (Cont'd)

(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:

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.

2. Significant accounting policies (Cont'd)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as 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.

(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, if any.

(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.

2. Significant accounting policies (Cont'd)

(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.

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 longe 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 (other than investments in subsidiaries) and inventories 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 recognised in the income statements. 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 statement, a reversal of that impairment loss is also recognised in the income statement.

(o) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

2. Significant accounting policies (Cont'd)

(p) 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.

(iii) Services rendered

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

(q) 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.

(r) 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 contributions 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.

The fair value of employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(s) 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.

(t) 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-Group

	Land and buildings RM	Plant and machinery RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Capital expediture-in- progress RM	Total RM
Cost/ Valuation						
At 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)
Reclassification	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/ 1 January 2008	34,735,735	147,506,521	6,834,801	9,110,136	893,025	199,080,218
Additions	102,944	3,595,698	367,437	660,428	670,015	5,396,522
Disposals	-	(7,781,687)	(11,676)	(354,857)	-	(8,148,220)
Reclassification	-	4,496	-	-	(4,496)	-
Write off	(132,386)	-	(219,449)	-	-	(351,835)
Foreign exchange differences	1,256,174	2,531,602	128,587	68,252	108,795	4,093,410
At 31 December 2008	35,962,467	145,856,630	7,099,700	9,483,959	1,667,339	200,070,095
Accumulated depreciation						
At 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/ 1 January 2008	7,015,806	64,424,452	4,327,597	7,416,672	-	83,184,527
Depreciation for the year	1,306,353	11,778,299	714,431	761,119	-	14,560,202
Disposals	-	(5,617,083)	(6,340)	(354,415)	-	(5,977,838)
Write off	(35,248)	-	(54,992)	-	-	(90,240)
Foreign exchange differences	155,801	1,509,315	54,637	28,588	-	1,748,341
At 31 December 2008	8,442,712	72,094,983	5,035,333	7,851,964	-	93,424,992
Carrying amounts						
At 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/ 1 January 2008	27,719,929	83,082,069	2,507,204	1,693,464	893,025	115,895,691
At 31 December 2008	27,519,755	73,761,647	2,064,367	1,631,995	1,667,339	106,645,103

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

Land and buildings comprise :

	Cost / Valuation		Carrying amounts	
	2008	2007	2008	2007
	RM	RM	RM	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	3,056,902	3,295,513
At cost				
Freehold land	290,000	290,000	290,000	290,000
Factory buildings	24,739,837	23,513,105	19,023,853	18,985,416
	35,962,467	34,735,735	27,519,755	27,719,929

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.

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

	Cost	Accumulated depreciation	Carrying amounts
	RM	RM	RM
2008			
Freehold land	489,449	-	489,449
Factory buildings	3,229,681	1,963,716	1,265,965
	3,719,130	1,963,716	1,755,414
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

Security
At 31 December 2008, property, plant and equipment with a cost of approximately RM100,000 (2007 : RM100,000) are charged to a licensed bank for banking facilities used.

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

Finance Lease Liabilities

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

	2008	2007
	RM	RM
Motor vehicles	681,278	566,744

4. Prepaid lease payments - Group

	Unexpired period less than 50 years	Unexpired period more than 50 years	Total
	RM	RM	RM
Cost/Valuation			
At 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 2007/1 January 2008	7,646,041	430,000	8,076,041
Foreign exchange differences	359,829	-	359,829
At 31 December 2008	8,005,870	430,000	8,435,870
Amortisation			
At 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 January 2008	1,208,083	21,023	1,229,106
Amortisation for the year	156,331	1,501	157,832
Foreign exchange differences	36,846	-	36,846
At 31 December 2008	1,401,260	22,524	1,423,784
Carrying amounts			
At 1 January 2007	6,550,755	410,478	6,961,233
At 31 December 2007/1 January 2008	6,437,958	408,977	6,846,935
At 31 December 2008	6,604,610	407,476	7,012,086

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 2008, prepaid lease payments with cost/valuation of approximately RM65,000 (2006 : RM65,000) are charged to a bank for banking facilities used.

5. Investments in subsidiaries - Company

	2008 RM	2007 RM
Unquoted shares, at cost	61,029,589	59,294,335
Less : Impairment losses	(5,851,435)	-
	55,178,154	59,294,335

Details of the subsidiaries are as follows :

Name of Company	Country of incorporation	Principal activities	Effective ownership interest 2008 %	Effective ownership interest 2007 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Manufacturing of beverages and trading of beverages, plastic and paper products and machinery	100	100
Thong Guan Plastic & Paper Industries Sdn. Bhd. ("TGP")	Malaysia	Manufacturing of plastic and paper products	100	100
Uniang Plastic Industries (Sabah) Sdn. Bhd. ("UPI")	Malaysia	Manufacturing and sale of film blown plastic products and flexible plastic packaging products	100	100
Jaya Uni'ang (Sabah) Sdn. Bhd. ("JUS")	Malaysia	Trading in film blown plastic products, food and consumable products	100	100
Ebontech Sdn. Bhd.	Malaysia	Dormant	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.	Malaysia	Dormant	70	70
TGP Marketing Sdn. Bhd.("TGPM")	Malaysia	Manufacturing and marketing of plastic packaging products	100	100
TG Plaspack (Vietnam) Co., Ltd #@	Vietnam	Dormant	100	-

- Not audited by KPMG

@ - The unaudited management financial statements were consolidated in the Group financial statements as the subsidiary's financial statements have yet to be audited.

6. Other investment

	Group/ Company	
	2008	2007
	RM	RM
Unquoted shares, at cost	2,873,511	2,873,511
Less : Allowance for diminution in value	(773,142)	-
	2,100,369	2,873,511

7. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade receivables	7.1	64,985,284	70,851,306	826,858	1,685,257
Less : Allowance for doubtful debts		(1,742,551)	(1,656,917)	-	-
		63,242,733	69,194,389	826,858	1,685,257
Non-trade					
Other receivables	7.2	12,863,275	8,689,539	-	1,161,807
Less : Allowance for doubtful debts		(1,007,018)	(997,575)	-	-
		11,856,257	7,691,964	-	1,161,807
Amount due from subsidiaries	7.3	-	-	28,225,446	25,154,402
Deposits		644,769	531,687	2,000	2,000
Prepayments		554,247	549,902	-	-
		76,298,006	77,967,942	29,054,304	28,003,466

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 :

	2008	2007
Foreign currency	RM	RM
USD	39,160,146	24,641,739
SGD	1,418,206	2,423,382
AUD	2,948,850	3,776,253
Yen	1,454,947	1,092,311

Included in trade receivables of the Group is an amount of RM695,794 (2007 : RM449,615) due from companies in which certain Directors have substantial financial interests.

7.2 Other receivabless

Included in other receivables of the Group is an amount of RM2,483,606 (2007 : RM1,921,883) 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.

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

7.4 Estimates

An estimate for doubtful debts is made when collection of the amount is no longer probable. The allowance is provided for delinquent balances and balances which have exceeded the normal credit period and with reference to past default experience and recent developments relating to specific debtors.

8. Inventories - Group

	2008	2007
	RM	RM
Raw materials	60,126,122	79,103,261
Work-in-progress	5,324,360	8,431,780
Manufactured inventories	20,241,557	16,741,191
Trading inventories	5,077,801	2,452,678
	90,769,840	106,728,910

During the financial year, the Group wrote down inventories to their net realisable values amounting to RM12,226,523 (2007 : RM Nil). The write down is based on management's estimate of the net realisable value after taking into consideration the developments affecting the industries in which the Group operates.

9. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	13,215,042	15,579,400	146,999	13,920
Short term deposits with licensed banks	-	10,086,272	-	-
	13,215,042	25,665,672	146,999	13,920

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	2008 RM	2007 RM
USD	9,066,838	19,260,662
Yen	-	790,785
SGD	202,999	863,586
RMB	1,930,160	1,833,165

10. Share capital

	2008		2007	
	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	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable					
Share premium		3,938,567	3,938,567	3,938,567	3,938,567
Translation reserve		4,989,224	(1,195,445)	-	-
Statutory reserve	11.1	4,140,888	3,974,392	-	-
Distributable					
Retained earnings/ (Accumulated losses)		73,431,906	71,942,123	(24,446,215)	(23,421,182)
		86,500,585	78,659,637	(20,507,648)	(19,482,615)

11.1 Statutory reserve

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

12. Loans and borrowings

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-current :				
Secured				
- Term loans	-	141,098	-	-
Unsecured				
- Term loans	-	5,203,882	-	-
Finance lease liabilities	291,277	53,697	-	-
	291,277	5,398,677	-	-
Current :				
Secured				
- Term loans	141,098	178,605	-	-
- Overdrafts	848,005	1,392,562	-	143,960
- Bankers' acceptances	6,767,000	7,289,000	-	-
- Export credit refinancing	-	1,498,000	-	-
	7,756,103	10,358,167	-	143,960
Unsecured				
- Term loans	2,064,257	2,698,194	-	-
- Overdrafts	4,735,778	6,629,194	-	-
- Revolving credits	7,575,473	6,344,199	-	-
- Onshore foreign currency loans	27,864,182	28,108,027	-	-
- Bankers' acceptances	4,588,920	-	-	-
- Export credit refinancing	378,000	-	-	-
	47,206,610	43,779,614	-	-
Finance lease liabilities	230,525	147,033	-	-
	55,193,238	54,284,814	-	143,960

12.1 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 and Note 4).

12.2 Interests

The above bank borrowings of the Group are subject to interest at rates ranging from 2.11% to 8.05% (2007 : 3.40% to 7.80%) per annum.

Finance lease liabilities are subject to interest at rates ranging from 2.84% to 5.90% (2007 : 2.49% to 5.70%) per annum.

12. Loans and borrowings (Cont'd)

12.3 Terms and debt repayment schedule

Group 2008	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years
		RM	RM	RM	RM
Secured term loans - RM	2009	141,098	141,098	-	-
Secured overdrafts - RM		848,005	848,005	-	-
Secured bankers' acceptances - RM	2009	6,767,000	6,767,000	-	-
Unsecured term loans - USD	2009	2,064,257	2,064,257	-	-
Unsecured overdrafts - RM		4,735,778	4,735,778	-	-
Unsecured revolving credits - RM	2009	7,575,473	7,575,473	-	-
Unsecured onshore foreign currency loans - USD	2009	27,864,182	27,864,182	-	-
Finance lease liabilities - RM	2009 - 2011	521,802	230,525	258,119	33,158
Unsecured bankers' acceptance	2009	4,588,920	4,588,920	-	-
Unsecured export credit refinancing	2009	378,000	378,000	-	-
		55,484,515	55,193,238	258,119	33,158

12. Loans and borrowings (Cont'd)

12.3 Terms and debt repayment schedule (Cont'd)

Group 2007	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years
		RM	RM	RM	RM
Secured term loans					
- RM	2008 - 2009	319,703	178,605	141,098	-
Secured overdrafts					
- RM		1,392,562	1,392,562	-	-
Secured bankers' acceptances					
- 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 credits					
- RM	2008	3,700,000	3,700,000	-	-
- USD	2008	2,644,199	2,644,199	-	-
Unsecured onshore foreign currency loans					
- 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

Company 2007					
Secured overdrafts					
- RM		143,960	143,960	-	-

12.4 Finance lease liabilities

Finance lease liabilities are payable as follows :

	2008			2007		
	Payments RM	Interest RM	Principal RM	Payments RM	Interest RM	Principal RM
Within 1 year	255,043	24,518	230,525	155,124	8,091	147,033
Between 1 and 5 years	306,478	15,201	291,277	59,978	6,281	53,697
	561,521	39,719	521,802	215,102	14,372	200,730

13. Deferred tax liabilities - Group

The recognised deferred tax liabilities are as follows :

	2008 RM	2007 RM
Property, plant and equipment (including prepaid lease payments)		
- Capital allowances	6,284,407	8,460,864
- Revaluation	759,874	818,890
	7,044,281	9,279,754

Movement in temporary differences during the year are as follows :

	At 1 January 2007	Recognised in the income statement (Note 19)	At 31 December 2007/1 January 2008	Recognised in the income statement (Note 19)	At 31 December 2008
	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities					
Property, plant and equipment (including prepaid lease payments)					
- Capital allowances	8,625	(164)	8,461	(2,177)	6,284
- Revaluation	1,114	(295)	819	(59)	760
	9,739	(459)	9,280	(2,236)	7,044

Unrecognised deferred tax assets

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Taxable temporary differences	2,914,000	3,273,000	-	-
Unabsorbed capital allowances carry-forwards	(2,975,000)	(2,910,000)	-	-
Unutilised tax loss carry-forwards	(2,520,000)	(1,895,000)	(1,058,000)	(778,000)
	(2,581,000)	(1,532,000)	(1,058,000)	(778,000)

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits 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 and the Company.

14. Payables and accruals

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade					
Trade payables	14.1	32,237,511	68,233,338	58,200	-
Non-trade					
Other payables	14.2	4,269,186	8,930,391	90,169	58,500
Accrued expenses		3,925,384	4,191,671	240,720	270,340
Amount due to a subsidiary	14.3	-	-	1,433,466	4,015,547
		8,194,570	13,122,062	1,764,355	4,344,387
		40,432,081	81,355,400	1,822,555	4,344,387

14.1 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 :

Foreign currency	Group 2008 RM	Group 2007 RM
USD	22,326,797	11,626,806
RMB	2,523,933	2,957,073

Included in trade payables of the Group is an amount of RM980,752 (2007 : RM1,120,612) due to companies in which certain Directors have substantial financial interests.

14.2 Other payables

Included in other payables of the Group is an amount of RM Nil (2007 : RM151,475) due to companies in which certain Directors have substantial financial interests.

14.3 Amount due to a subsidiary

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

15. Revenue

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Invoiced value of goods sold less discounts and returns	564,045,231	517,765,979	861,988	5,331,787
Services rendered	512,599	449,139	-	-
Dividend income from subsidiaries	-	-	8,986,860	9,707,773
	564,557,830	518,215,118	9,848,848	15,039,560

16. Results from operating activities

Results from operating activities are arrived at :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
After charging :				
Auditors' remuneration				
- Statutory audit				
- KPMG				
- current year	90,000	84,050	13,000	13,000
- prior year	5,950	18,527	-	-
- Other auditors	19,230	10,800	-	-
- Other services				
- Affiliates of KPMG	25,550	21,750	2,000	2,000
Bad debts written off	65,155	87,786	-	-
Depreciation of property, plant and equipment (Note 3)	14,560,202	14,364,713	-	-
Amortisation of prepaid lease payments (Note 4)	157,832	152,091	-	-
Directors' emoluments				
Directors of the Company				
- fees	268,000	349,000	175,000	200,000
- others	45,000	43,000	45,000	43,000
- remuneration	1,656,156	1,759,384	-	-
Other Directors				
- fees	52,000	52,000	-	-
- remuneration	385,734	368,680	-	-
Rental expense	991,454	1,172,906	-	-
Allowance for doubtful debts	125,853	711,470	-	-
Property, plant and equipment written off	261,595	23,609	-	-
Loss on foreign exchange - unrealised	-	203,945	-	-
Personnel expenses (excluding key management personnel)				
- Wages, salaries and others	19,530,152	17,724,184	67,718	72,342
- Contributions to Employees Provident Fund	1,470,104	1,138,184	6,108	7,032

16. Results from operating activities (Cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Inventory written down	12,226,523	-	-	-
Impairment losses on investments in subsidiaries	-	-	5,851,435	-
Allowance for diminution in value of other investments	773,142	-	773,142	-
and crediting :				
Dividend income (gross) receivable from subsidiaries	-	-	8,986,860	9,707,773
Gain on disposal of property, plant and equipment	434,842	953,371	-	-
Gain on foreign exchange - realised	687,556	2,288,708	-	-
- unrealised	953,868	-	-	-
Rental income	125,590	75,300	-	-
Bad debts recovered	13,276	38,694	-	-

17. Key management personnel compensation

The key management personnel compensation is as follows :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company				
- Fees	146,000	154,000	75,000	75,000
- Others	8,000	8,000	8,000	8,000
- Remuneration	1,534,556	1,526,984	-	-
Other Directors				
- Fees	8,000	8,000	-	-
- Remuneration	228,242	210,559	-	-
	1,924,798	1,907,543	83,000	83,000

18. Finance costs - Group

	2008 RM	2007 RM
Interest expense on :		
Overdrafts	50,791	48,334
Term loans	427,323	811,740
Finance lease liabilities	25,676	13,244
Other borrowings	1,761,768	2,138,187
	2,265,558	3,011,505

19. Tax expense

Recognised in the income statement

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Tax expense on continuing operations	(830,982)	4,032,085	-	-

Major components of tax expense include :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
- Current year	2,109,480	4,460,595	-	-
- Prior years	(704,989)	30,272	-	-
Total current tax	1,404,491	4,490,867	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	(2,102,301)	(149,381)	-	-
- Prior years	(74,156)	(13,842)	-	-
- Revaluation	(59,016)	(295,559)	-	
Total deferred tax	(2,235,473)	(458,782)	-	-
Total tax expense on continuing operations	(830,982)	4,032,085	-	-

Reconciliation of effective tax expense

Group	2008 RM	2007 RM
Profit for the year	4,645,918	11,981,587
Total tax expense	(830,982)	4,032,085
Profit excluding tax	3,814,936	16,013,672
Tax calculated using Malaysian tax rate at 26% (2007 : 27%)	991,883	4,323,691
Non-deductible expenses	2,006,939	2,275,531
Income not subject to tax	(2,845,030)	-
Tax incentive	-	(1,411,776)
Deferred tax benefits not recognised	270,667	178,740
Reversal of deferred tax on revaluation	(59,016)	(295,559)
Effect of lower tax rate for certain subsidiaries *	(100,000)	(100,000)
Effect of tax rate in foreign jurisdiction **	-	(636,021)
Effect of change in tax rate ***	(317,280)	(318,951)
(Over)/Under provision in prior years	(779,145)	16,430
Tax expense	(830,982)	4,032,085

19. Tax expense (Cont'd)

Company	2008 RM	2007 RM
Profit before tax	2,131,102	9,354,192
Tax calculated using Malaysian tax rate at 26% (2007 : 27%)	554,086	2,525,632
Tax exempt income	(2,397,435)	(2,621,099)
Non-deductible expenses	1,770,695	19,972
Deferred tax benefits not recognised	72,654	75,495
Tax expense	-	-

* 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 chargeable income up to RM500,000, which was applicable to certain subsidiaries.

** The tax rates in several foreign jurisdictions are different from that of the Malaysian tax rates as the subsidiaries operate in a tax jurisdictions with lower tax rates.

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

On 7 May 2007, a subsidiary was granted International Procurement Centre (IPC) status under Section 127 of the Income Tax Act, 1967 by the Malaysian Industrial Development Authority (MIDA) which exempts the subsidiary's statutory income derived from its approved trading activities from income tax for a period of 10 years commencing from the date the subsidiary achieved an annual gross revenue of RM100 million.

20. Employee benefits - Group

Share-based payments

The number of share options are as follows :

	Number 2008	Number 2007
At 1 January	7,867,000	8,444,000
Lapsed during the year	(898,500)	(577,000)
At 31 December	6,968,500	7,867,000
Exercisable at 31 December	6,968,500	7,867,000

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 the 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 2008	Number 2007
1.2.2010	RM1.73	6,968,500	7,867,000

21. 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 RM4,645,918 (2007 : RM12,007,944) and on the weighted average number of ordinary shares outstanding during the year of 105,204,500 (2007 : 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 (2007 : 105,204,500).

22. Dividends

	Sen per share (tex exempt)	**Total amount**	**Date of payment**
2008	**RM**	**RM**	
- First and final 2007 ordinary	0.03	3,156,135	18 August 2008
2007			
- First and final 2006 ordinary	0.03	3,156,135	18 August 2007

A final dividend of 2 sen per ordinary share tax exempt in respect of the financial year ended 31 December 2008 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 2009.

23. Capital commitment

	Group		**Company**	
	2008 RM'000	**2007 RM'000**	**2008 RM'000**	**2007 RM'000**
Contracted but not provided for in the financial statements - within 1 year				
Property, plant and equipment	903	1,433	903	1,403

24. 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 RM218.1 million (2007 : RM207.6 million) of which RM70.3 million (2007 : RM55.6 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 (2007 : RM860,000) of which RM141,098 (2007 : RM319,703) has been utilised as at balance sheet date.

iii) The Company has issued corporate guarantees amounting to RM96.7 million (2007 : RM105.2 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 RM13.2 million (2007 : RM31.0 million).

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

25. Segment reporting - 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 beverages such as tea, coffee, and trading of consumer products such as 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, cologne 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.

25. Segment reporting - Group (Cont'd)

Business segments

	Plastic Products		Food and Beverages		Others		Total		Elimination		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Revenue												
Revenue from external customers	538,036,565	482,768,818	21,888,628	20,459,833	4,632,637	14,986,467	564,557,830	518,215,118	-	-	564,557,830	518,215,118
Results from operating activities	5,050,926	16,949,859	710,990	614,793	152,347	1,241,531	5,914,263	18,806,183	-	-	5,914,263	18,806,183
Finance costs											(2,265,558)	(3,011,505)
Interest income											166,231	218,994
Tax expense											830,982	(4,032,085)
Profit for the year											4,645,918	11,981,587
Segment assets	265,015,964	314,738,318	23,456,619	19,731,081	7,567,863	1,509,262	296,040,446	335,978,661	-	-	296,040,446	335,978,661
Unallocated assets											1,733,844	415,565
Total assets											297,774,290	336,394,226
Segment liabilities	37,257,368	78,173,105	2,480,365	2,391,883	694,348	790,412	40,432,081	81,355,400	-	-	40,432,081	81,355,400
Unallocated liabilities											65,637,124	71,174,689
Total liabilities											106,069,205	152,530,089
Capital expenditure	4,971,131	15,030,687	394,871	373,080	30,520	52,611	5,396,522	15,456,378	-	-	5,396,522	15,456,378
Depreciation and amortisation	13,957,681	13,597,393	701,295	617,358	59,058	302,053	14,718,034	14,516,804	-	-	14,718,034	14,516,804
Non-cash expenses other than depreciation and amortisation	12,313,768	6,544,657	102,157	83,518	1,606	635	12,417,531	6,628,810	-	-	12,417,531	6,628,810

25. Segment reporting - Group (Cont'd)

Geographical segments

	Malaysia	Other ASEAN countries	Japan	Australia	Others	Total	Unallocated	Consolidated
	RM	RM	RM	RM	RM	RM	RM	RM
2008								
Revenue								
Revenue from external customers	113,549,203	42,130,666	225,528,218	63,315,378	120,034,365	564,557,830	-	564,557,830
2007								
Revenue								
Revenue from external customers	127,205,204	42,023,953	167,323,794	62,686,747	118,975,420	518,215,118	-	518,215,118

	Malaysia		China		Unallocated		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Segment assets	229,353,858	274,415,344	66,686,588	61,563,317	-	-	296,040,446	335,978,661
Capital expenditure	4,420,395	10,418,729	976,127	5,037,649	-	-	5,396,522	15,456,378

26. Related parties - Group/Company

26.1 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 Industries Sdn. Bhd.	("KFI")
- Komet Makmur Sdn. Bhd.	("KM")
- Kimanis Property Sdn. Bhd.	("KP")

iii) Companies in which close members of the family of certain Directors of the Company and key management personnel are deemed to have substantial financial interest :

- Bounty Values Sdn. Bhd.	("BV")
- Fang Thong Trading	("FTT")
- Jianson Development Sdn. Bhd.	("JD")

iv) 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.

26.2 Related party transactions

26.2.1 Transactions with related companies :

	2008 RM	2007 RM
Company		
Dividend income (gross) receivable from :		
TGPIS	-	9,707,773
TGP	8,986,860	-
Purchases from :		
TGP	853,520	5,274,358
TGPM	-	10,100
Interest income from JUS	25,068	25,000

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

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

i) Sales to :

	2008 RM	2007 RM
KFI	3,423,862	2,852,120
NS	23,527	85,900
HFS	1,389,397	1,270,425

ii) Purchases from :

	2008 RM	2007 RM
KM	40,590	-
KFI	4,996,630	4,386,191
NS	12,000	37,045

iii) Rental expense payable to :

	2008 RM	2007 RM
KP	42,600	39,600
KFI	-	30,000
TGPK	24,000	-

26.2.3 The Group's transactions with Companies in which close member of the family of certain Directors of the Company and key management personnel are deemed to have substantial financial interest :

i) Sales to :

	2008 RM	2007 RM
JD	90,020	-
FTT	34,237	-

Ii) Rental expense payable to :

	2008 RM	2007 RM
BV	624,000	624,000

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

There are no individually significant outstanding balances arising from transactions other than normal trade transactions. Details of the balances are disclosed in Notes 7 and 14.

26.3 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 as disclosed in Note 17.

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 20).

27. Financial instruments

Financial risk management objectives and policies

Exposure to credit, foreign currency and interest rate risks arise 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	
	2008 RM	2007 RM
Amount due from subsidiaries	19,238,586	25,154,402

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.

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. Where necessary, the forward foreign exchange contracts are rolled over at maturity at market rates. As at balance sheet date, adjustment for unrealised loss on foreign currency contracts has been made to account for the difference between the contracted rates and the prevailing 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.

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.

27. Financial instruments (Cont'd)

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						
2008						
Financial liabilities						
Secured term loans	12	4.00	141	141	-	-
Unsecured term loans	12	4.73	2,064	2,064	-	-
Secured overdrafts	12	8.05	848	848	-	-
Secured bankers' acceptances	12	4.97	6,767	6,767	-	-
Unsecured export credit refinancing	12	2.98	378	378	-	-
Unsecured overdrafts	12	7.91	4,736	4,736	-	-
Unsecured revolving credits	12	6.22	7,575	7,575	-	-
Unsecured onshore foreign currency loans	12	3.70	27,864	27,864	-	-
Finance lease liabilities	12	3.87	522	231	258	-
Unsecured bankers' acceptances	12	2.11	4,589	4,589	-	-
2007						
Financial assets						
Short term deposits	9	3.40	10,086	10,086	-	-
Financial liabilities						
Secured term loans	12	4.00	320	179	141	-
Unsecured term loans	12	4.60	7,902	2,698	5,204	-
Secured overdrafts	12	7.78	1,393	1,393	-	-
Secured bankers' acceptances	12	4.03	7,289	7,289	-	-
Secured export credit refinancing	12	4.00	1,498	1,498	-	-
Unsecured overdrafts	12	7.55	6,629	6,629	-	-
Unsecured revolving credits	12	4.48	6,344	6,344	-	-
Unsecured onshore foreign currency loans	12	5.80	28,108	28,108	-	-
Finance lease liabilities	12	4.10	201	147	54	-

27. Financial instruments (Cont'd)

	Note	Effective interest rate per annum %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	After 5 years RM'000
Company						
2008						
Financial liability						
Secured overdrafts	-	-	-	-	-	-
2007						
Financial liability						
Secured overdrafts	12	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 cash equivalents, receivables, payables and short term borrowings.

The Company provides financial guarantees to licensed banks and financial institutions 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 comparable quoted market prices and the liability to estimate fair value without incurring excessive expenses.

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

	2008		2007	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Financial liability				
Secured term loans	141	*141	320	* 320
Unsecured term loans	2,064	*2,064	7,902	* 7,902

27. Financial instruments (Cont'd)

* 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 :

	2008		2007	
	Contracted amount RM'000	Fair value RM'000	Contracted amount RM'000	Fair value RM'000
Forward foreign exchange contracts				
-Sales	14,295	14,801	8,728	9,045
-Purchases	347	347	6,085	6,018

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.

28. Significant events

Group

During the financial year, the Customs Department of Wujiang District, Jiangsu Province, The People's Republic of China, commenced a detailed inquiry into the customs' duties paid by a subsidiary of the Group in China. As a result of the detailed inquiry, the additional customs' duties including penalty amounted to RMB5.76 million (equivalent to approximately RM2,900,000) is payable by the subsidiary but has yet to be finalised by the Customs Authority. However, the Group has accrued the potential liability at year end.

Group and Company

During the financial year, the Group 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. At balance sheet date, the Group has paid approximately RM1.7 million of deposit for the proposed purchase of land by the subsidiary in Vietnam.

LIST OF PROPERTIES OWNED BY THE GROUP

Location	Description	Approximate Land Area (sq.ft.)	Age of Building	Tenure	Net Book Value RM million	Date of Valuation/ Acquisition
Lot No.P.T.18876, H.S.(D)No.98/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	107,288	10-12 years	60 years, leasehold, expiring on 12.4.2052	1.55	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	14 years	60 years leasehold, expiring on 12.4.2052	1.75	28.11.1995
Lot P.T.18878, H.S.(D) No.100/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory building	141,309	8 years	60 years leasehold, expiring on 4.6.2055	5.68	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	11-24 years	Freehold	4.10	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	6-26 years	Freehold	4.79	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	24 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	16 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	20 years	60 years leasehold, expiring on 31.12.2035	1.26	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jalan Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	30 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 KM 5 Jalan Utara Sandakan	Double storey semi-detached light industrial building	5,670	17 years	60 years leasehold, expiring on 31.12.2040	0.22	13.12.1995
CL 105390707 KM 4, 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	3-7 years	50 years leasehold, expiring on 31.12.2049	7.10	01.01.2000
Pangjin Road Wujiang Economic Developing Area Jiangsu, China	Factory buildings	716,876	3-4 year	50 years leasehold, expiring on 08.03.2053	5.33	09.03.2004

SHAREHOLDINGS STATISTICS AS AT 18 MAY 2009

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	134	9,112	0.01
100 - 1,000	203	165,047	0.16
1,001 - 10,000	1,229	5,595,789	5.32
10,001 - 100,000	552	16,498,900	15.68
100,001 - 5,260,224	81	41,032,027	39.00
5,260,225 - 105,204,500	1	41,903,625	39.83
Total	2,200	105,204,500	100.00

DIRECTORS' SHAREHOLDINGS AS AT 18 MAY 2009

Name of director	Direct Interest No. of shares	%	Indirect Interests No. of shares	%	No. of Unexercised Options
Ang Toon Piah @ Ang Toon Huat	489,000	0.46	161,000 (a)	0.15	300,000
Tengku Makram Bin Tengku Ariff	40,500	0.04	-	-	-
Ang Poon Chuan	928,500	0.88	44,418,002 (b)	42.22	650,000
Ang Poon Seong	589,125	0.56	43,012,494 (c)	40.88	500,000
Ang Poon Khim	590,325	0.56	45,800 (a)	0.04	550,000
Lee Eng Sheng	-	-	-	-	-
Dato' Paduka Syed Mansor Bin Syed Kassim Barakbah	-	-	-	-	-

Notes :

(a) Shares held by spouse and children pursuant to Section 134(12)(c) of the Companies Act, 1965.

(b) Deemed interested via Foremost Equals Sdn Bhd and Sensible Matrix Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and shares held by spouse and children pursuant to Section 134(12)(c) of the Companies Act, 1965.

(c) Deemed interested via Foremost Equals Sdn Bhd and Sensible Matrix Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Mr Ang Poon Chuan and Mr Ang Poon Seong are also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

SHAREHOLDERS AS AT 18 MAY 2009

	Name	Direct Interest No. of shares	%	Indirect Interest No. of shares	%
1.	Foremost Equals Sdn Bhd	41,903,625	39.83	-	-
2.	Ang Poon Chuan	928,500	0.88	41,903,625 (a)	39.83
3.	Ang Poon Seong	589,125	0.56	41,903,625 (a)	39.83

Notes :

(a) Deemed interested via Foremost Equals Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

LIST OF 30 LARGEST SHAREHOLDERS (as at 18 May 2009)

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

No.	Name	No. of Shares	% of Shares
1	FOREMOST EQUALS SDN BHD	41,903,625	39.831
2	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD SKIM AMANAH SAHAM BUMIPUTERA	4,519,200	4.296
3	SUPERB SENSE SDN BHD	3,500,000	3.327
4	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (M) BERHAD (PAR 1)	3,000,000	2.852
5	AMMB NOMINEES (TEMPATAN) SDN BHD AMINVESTMENT BANK BERHAD(AMMBUW)	2,733,750	2.599
6	GAN BOON HONG	1,915,300	1.821
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	1,046,750	0.995
12	NEOH CHOO EE & COMPANY, SDN. BERHAD	800,000	0.760
13	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TONG KIM CHUAI (M01)	645,100	0.613
14	ANG POON KHIM	590,325	0.561
15	ANG POON SEONG	589,125	0.560
16	ANG POON CHUAN	564,000	0.536
17	MAYBAN NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAN TUAN SAM	548,500	0.521
18	QUAH LAKE JEN	507,100	0.482
19	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG SEE MING (MJK)	490,000	0.466
20	ANG TOON PIAH @ ANG TOON HUAT	489,000	0.465
21	GRAND PALACE ENTERPRISES SDN BHD	463,600	0.441
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG SEE MING (473567)	447,000	0.425
23	CHENG TUA NYA	386,700	0.368
24	SOONG AND SAW INVESTMENT TRUST SDN. BERHAD	370,000	0.352
25	CHEW SENG TOOI	367,300	0.349
26	GOH CHOON KIM	366,600	0.348
27	ANG TOON CHENG @ ANG TONG SOOI	365,375	0.347
28	ANG POON CHUAN	364,500	0.346
29	DYNAQUEST SDN. BERHAD	360,600	0.343
30	OOI CHING BEN @ OOI CHENG BIN	351,000	0.334
		73,061,444	69.449

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of shareholders of the Company will be held at Jati Room, Level II, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Monday, 29 June 2009 at 10:30 a.m. to transact the following business :

1. To receive the Audited Financial Statements for the year ended 31 December 2008 and the Reports of Directors and Auditors thereon.

2. To approve a first and final tax exempt dividend of 2% for the year ended 31 December 2008. — 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) Tengku Makram Bin Tengku Ariff — Ordinary Resolution 4
(b) Mr Ang Poon Khim — Ordinary Resolution 5

4. To approve Directors' Fees of RM175,000/- for the year ended 31 December 2008. — 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".

ii) PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY — Ordinary Resolution 9

"THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up capital through the Bursa Securities at anytime and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, subject to the following :-

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

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the TGI Shares shall not exceed the total amount of retained profit or share premium available for effecting the share buy back. Based on the audited Financial Statements of the Company as at 31 December 2008, the amount of retained losses and share premium account is RM24.4 million and RM3.9 million respectively and based on the management account as at 31 March 2009, the amount of retained losses and share premium account is RM 24.5 million and RM3.9 million respectively;

6. AS SPECIAL BUSINESS (CONT'D)

(c) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will continue in force until:-

i) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

ii) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of the Bursa Securities or any other relevant authorities;

(d) upon completion of the purchase(s) of the TGI Shares by the Company, the Directors of the Company be hereby authorised to deal with the TGI Shares in the following manner :-

i) to cancel the TGI Shares so purchased; or

ii) to retain the TGI Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or

iii) to retain part of the TGI Shares so purchased as treasury shares and cancel the remainder; or

iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

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

iii) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS BETWEEN THE COMPANY AND/OR ITS SUBSIDIARIES Ordinary Resolution 10

"THAT, subject to the provisions of the Listing Requirements, approval be and is hereby given to the Company and/or its subsidiaries ("TGI Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 5 June 2009 which transactions are necessary for the day-to-day operations in the ordinary course of business of TGI Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and that such approval shall continue to be in force until:-

i) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier.

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

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 2% only in respect of :

a) Shares transferred into the depositor's securities account before 4.00 p.m. on 17 July 2009 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 7 August 2009 to depositors registered in the Records of Depositors at the close of business on 17 July 2009.

By Order of the Board

Lam Voon Kean
Company Secretary
(MIA 4793)

Penang, 5 June 2009.

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 authorized.

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 8, 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.

2. The proposed Ordinary Resolution 9, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10,520,450 shares representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next Annual General Meeting of the Company.

3. The proposed Ordinary Resolutions 10, if passed will approve the Proposed Shareholders' Mandate on Recurrent Related Party Transactions and allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

PROXY FORM

I/We, ______________________ NRIC No./Company No. ______________________

of ______________________

being a member/members of the above named Company, hereby appoint ______________________

______________________ NRIC No. ______________________

of ______________________

or failing him ______________________ NRIC No. ______________________

of ______________________

as my/our proxy, to vote for me/us and on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company which will be held at Jati Room, Level II, Park Avenue Hotel, E-1, Jalan Indah 2, Taman Sejati Indah, 08000 Sungai Petani, Kedah on Monday, 29 June 2009 at 10:30 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		
Ordinary Resolution 10		

(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).

	Name of Proxy	% of shareholding
1st		
2nd		

CDS Account No.

No. of Ordinary Shares Held

Signed this day of June 2009.

____

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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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