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## CORPORATE INFORMATION

## BOARD OF DIRECTORS

### DULI YANG TERAMAT MULIA TENGKU SARAFUDIN BADLISHAH IBNI SULTAN SALLEHUDDIN

(Chairman)
Independent Non- Executive Director

### **DATO' ANG POON CHUAN**

Managing Director

### **DATO' ANG POON KHIM**

**Executive Director** 

### **DATUK ANG POON SEONG**

**Executive Director** 

### **ANG SEE MING**

**Executive Director** 

### **TENGKU MUZZAMMIL BIN TENGKU MAKRAM**

Independent Non-Executive Director

### **LEE KEAN TEONG**

Independent Non-Executive Director

### **TEOH MEI SHEAN**

Independent Non-Executive Director

## REGISTERED OFFICE

170-09-01 Livingston Tower, Jalan Argyll, 10050

George Town, Penang

T - 604 229 4390

F - 604 226 5860

## PRINCIPAL PLACE OF BUSINESS

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

Kedah Darul Aman.

T - 604 441 7888

F - 604 441 9888

### SHARE REGISTRAR

### AGRITEUM Share Registration Services Sdn. Bhd.

2nd Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 Penang.

T – 604 228 2321

F - 604 227 2391

### JOINT COMPANY SECRETARIES

Ong Tze-En (MAICSA 7026537) (SSM PC No. 202008003397)

Lau Yoke Leng (MAICSA 7034778) (SSM PC No. 202008003368)

## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad Hong Leong Bank Berhad Malayan Banking Berhad OCBC Bank (Malaysia) Berhad

### AUDIT COMMITTEE

Lee Kean Teong (Chairman) Teoh Mei Shean Tengku Muzzammil Bin Tengku Makram

## NOMINATING COMMITTEE

Teoh Mei Shean (Chairman) Tengku Muzzammil Bin Tengku Makram Lee Kean Teong

## REMUNERATION COMMITTEE

Tengku Muzzammil Bin Tengku Makram (Chairman) Teoh Mei Shean Lee Kean Teong

## STOCK EXCHANGE

### Main Market of Bursa Malaysia Securities Berhad

Sector: Industrial Products Stock Name: TGUAN Stock Code: 7034

(Listing since 19 December 1997)

### **GROUP STRUCTURE &** PRINCIPAL ACTIVITIES



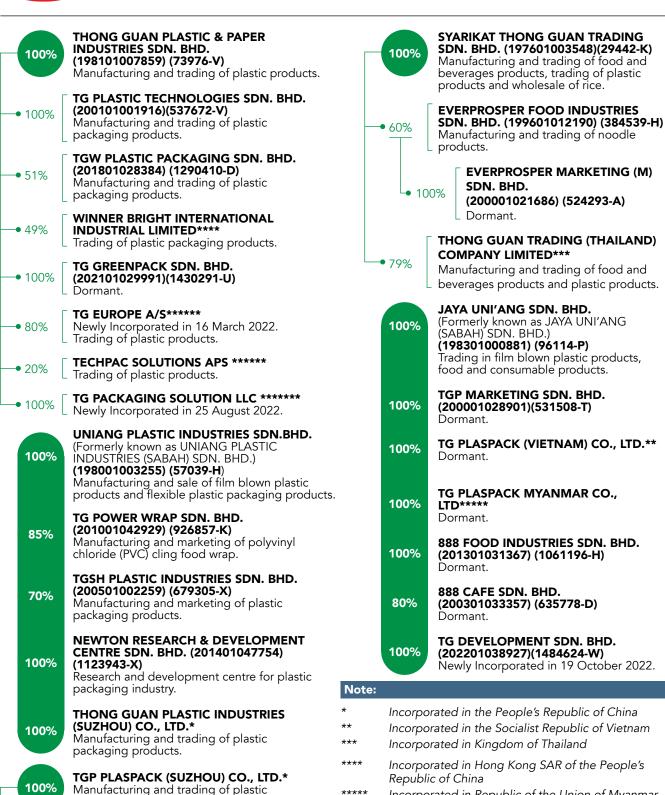
packaging products.

Dormant.

• 100%

CARGOSAFE R&D (SUZHOU) CO., LTD.\*

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



Incorporated in Republic of the Union of Myanmar

Incorporated in United State of America

Incorporated in Denmark

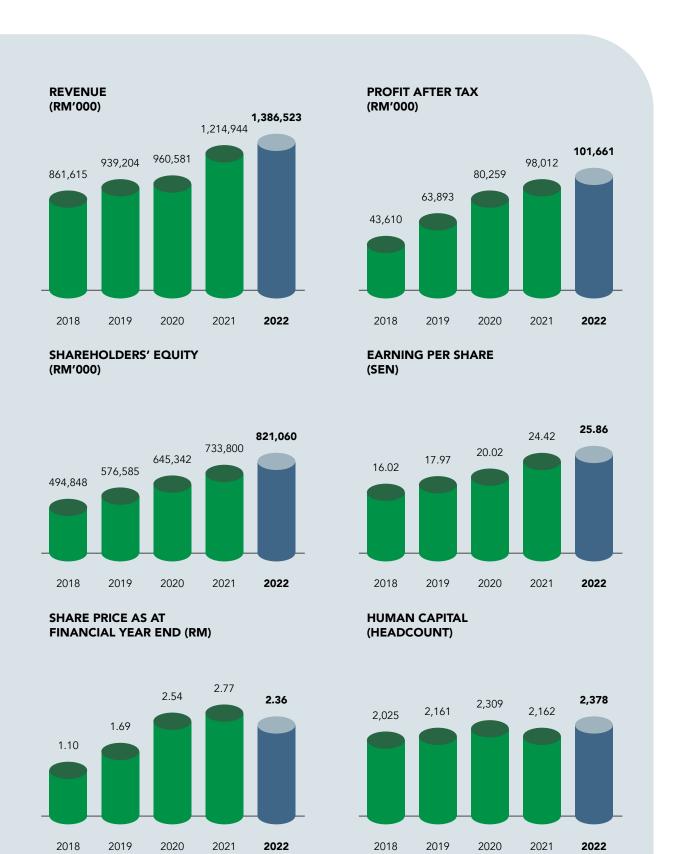
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# FINANCIAL HIGHLIGHTS AND INDICATORS

In RM '000	2018	2019	2020	2021	2022
Revenue	861,615	939,204	960,581	1,214,944	1,386,523
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	73,051	100,301	125,978	154,398	159,519
Profit Before Taxation	51,972	75,452	99,912	125,218	124,435
Profit After Tax	43,610	63,893	80,259	98,012	101,661
Net Profit Attributable to Equity Holders	43,682	61,849	75,302	92,876	99,948
Total Assets	739,312	881,316	1,010,558	1,217,758	1,304,406
Total Borrowings	126,926	143,036	149,285	186,261	223,409
Shareholders' Equity	494,848	576,585	645,342	733,800	821,060

	2018	2019	2020	2021	2022
Return on Equity (%)	8.83	10.73	11.67	12.66	12.17
Return on Total Assets (%)	5.90	7.25	7.94	8.05	7.79
Gearing Ratio (Times)	0.26	0.25	0.23	0.25	0.27
Interest Cover (Times)	15.92	18.18	40.34	67.46	25.10
Earnings Per Share ( Sen)	16.02	17.97	20.02	24.42	25.86
Net Assets Per Share (Sen)	181.35	156.08	169.48	189.55	210.27
Gross Dividend Per Share (Sen)	4.00	4.50	4.50	5.50	6.00
Price Earning (PE) Multiple (Times)	6.87	9.37	12.72	11.42	9.13
Gross Dividend Yield (%)	3.64	2.67	1.77	1.99	2.54
Share Price as at financial year end (RM)	1.10	1.69	2.54	2.77	2.36

# FINANCIAL HIGHLIGHTS AND INDICATORS (Cont'd)



## MANAGEMENT DISCUSSION AND ANALYSIS

### **BUSINESS OVERVIEW**

Thong Guan Industries Berhad ("the Group" or "Thong Guan" or "TGI") carry a manufacturing and trading business which involve in plastic products and packaged food, beverages and other consumable products. The Group major activities as below:-

- a) Manufacturing and trading the plastic products which included Japan garbage bags, Industrial used bags, stretch films & courier bags;
- b) Manufacturing and trading of coffee and tea products; and
- c) Distribution and trading of fast moving consumer goods (FMCG).

### **BUSINESS STRATEGIES**

Thong Guan's business strategy is based on the principle of creating value for our customers that safeguards not only their goods and returns but also the environment. During the Financial Year Ended 31 December 2022 ("FY2022"), the Group faced unprecedented challenges such as the Russian-Ukraine War, high inflation, a shortage of manpower, and a drastic interest rate hike. Despite these challenges, the Group remained focused on developing more high-quality products to protect its revenue and profitability. Furthermore, the Group also prioritized sustainability issues and aimed to help its customers build a green and sustainable business environment. (Refer to sustainability report page 15 to 59).

### **FINANCIAL REVIEW**

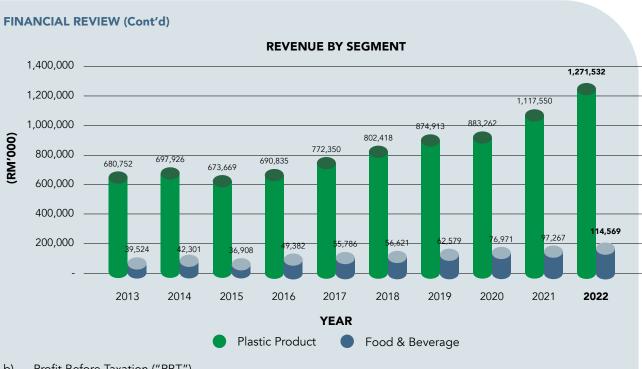
	31.12.2022 RM'000	31.12.2021 RM′000	Variance RM'000	Variance %
Revenue				
Plastic products	1,271,532	1,117,550	153,982	13.8
Food, beverages and other consumable product	114,569	97,267	17,302	17.8
Others	422	127	295	232.3
Group	1,386,523	1,214,944	171,579	14.1
Profit before tax				
Plastic products	116,954	119,913	(2,959)	(2.5)
Food, beverages and other consumable product	8,080	5,401	2679	49.6
Others	(599)	(96)	(503)	(524.0)
GROUP	124,435	125,218	(783)	(0.6)

### a) Revenue

The Group reported continuous growth, achieving a record high revenue of RM1.39 billion, which represents a growth of 14.1% over the previous financial year. Thong Guan managed to achieve another milestone despite the challenging macroeconomic conditions caused by the COVID-19 pandemic, Russia-Ukraine war, inflation, and the United States of America interest hike.

Our two major business segments achieved significant growth in 2022. The plastic products segment's revenue increased due to the higher selling price of stretch films and an increase in sales volume and selling price of industrial packaging, garbage bags, and polyvinyl chloride (PVC) cling films. Meanwhile, the PVC cling films division's revenue resumed to pre-COVID-19 pandemic levels as the demand increased when countries reopened their borders. In addition, the Food, Beverage, and other consumable product segment's revenue also increased due to higher sales volume and average selling price of tea, coffee products, and Fast-Moving Consumer Goods (FMCG).

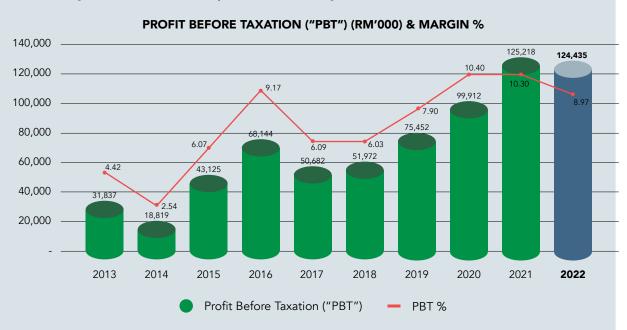
The chart below shows the revenue by segments for the past 10 years, demonstrating steady growth for both business segments.



### Profit Before Taxation ("PBT")

For FY2022, the PBT recorded RM124.4 million, which represents a decrease of 0.6% compared to RM125.2 million in FY2021. The worldwide inflation had an impact on the operational costs, including resin cost, labour cost, and finance cost.

The following chart illustrates the Group's PBT and PBT margin since 2013.



### **FINANCIAL POSITION**

#### **Assets**

As of December 31, 2022, total assets had grown 7.1% to RM1.3 billion, up from RM1.2 billion in the previous year. The increase in total assets was mainly due to an increase in property, plant, and equipment amounting to RM71.5 million, an increase in trade and other receivables amounting to RM7.3 million, and an increase in inventories amounting to RM27.3 million. The Group also has a total of RM273.9 million in cash and cash equivalents. This strong cash reserve will enable the Group to carry out its strategic expansion plans in a timely manner and navigate any unpredicted economic downturns with ease.

### Liabilities

As of December 31, 2022, total liabilities had decreased by 0.5% to RM454.1 million, down from RM456.2 million in the previous year.

### **Equity**

As of December 31, 2022, total equity had increased from RM761.6 million in FY2021 to RM850.3 million, representing an increase of 11.6%. The higher total equity was mainly due to profits generated in FY2022, after offsetting dividends paid to shareholders, as well as RM6.9 million in proceeds from the issuance of shares from the ESOS exercise.

### SHARE CAPITAL AND EARNING PER SHARE ("EPS")

### **Share Capital**

The number of issued shares increased to 393.3 million as at 31 December 2022 contributed from the exercise of ESOS during the financial year.

#### FPS

FY2022 basic EPS is 25.86 sen while diluted EPS is 25.40 sen. The dilution in EPS is due to taking into account of unexercised shares from Employees' Share Option Scheme.

### **CASH FLOWS**

### Cash from operating activities

Net cash generated from operating activities was RM64.9 million in FY2022, compared to RM51.1 million in FY2021. This increase was mainly due to higher sales compared to the preceding year.

### Cash used in investing activities

Cash used in investing activities was RM100.5 million in FY2022, compared to RM76.6 million in FY2021. The net cash outflow was mainly due to the acquisition of property, plant, and equipment amounting to RM103.6 million, compared to the previous financial year's RM60.8 million used for the same purpose, and RM18.5 million used for the acquisition of investment properties.

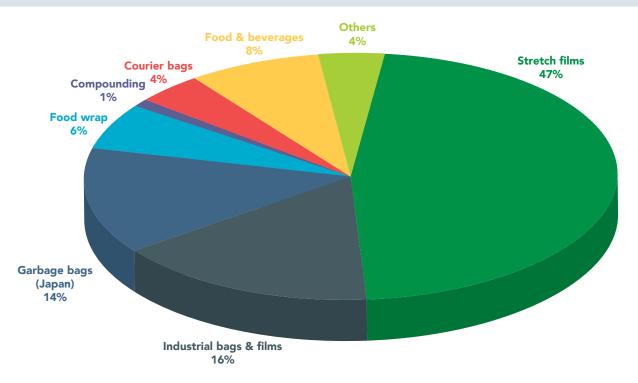


Figure 1: Sales Mix for FY2022

### CASH FLOWS (Cont'd)

### Cash from financing activities

Net cash generated from financing activities was RM10.5 million in FY2022, compared to net cash generated from financing activities of RM22.6 million in FY2021. In FY2022, the dividend paid and interest paid were RM23.1 million and RM5.2 million, respectively, compared to the previous financial year's RM17.1 million in dividend payments and RM1.9 million in interest payments.

### **PLASTIC DIVISION**

The Group's plastic products comprise five main categories: stretch films, industrial bags, garbage bags, PVC food wraps, and courier bags. The revenue contribution from each category is 47%, 16%, 14%, 6%, and 4%, respectively.

During the financial year 2022, the Group installed two new premium stretch film production line, which was fully commissioned in April 2022 and December 2022 respectively. The new lines contributed 7,200 MT in FY2022 to the total annual production capacity. The Group has scheduled to install another two new premium stretch film production lines in year 2023.

In the Industrial bags & films division, the Group installed three extruder film production lines, which were fully commissioned in December 2022.

The Myanmar factory will start construction in the year 2023 after the delay due to the COVID-19 pandemic and is estimated to be completed in the first quarter of the year 2024.

## FOOD, BEVERAGE AND OTHER CONSUMABLE PRODUCTS (F&B)

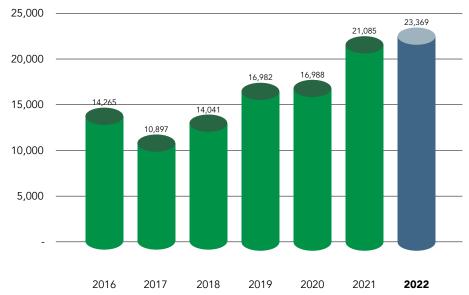
Over the years, the F&B division has consistently delivered an annual contribution of 8.0% to the Group's total revenue. Our tea and coffee products remain the two main contributors to the F&B business division. During the financial year under review, the fast-moving consumer goods ("FMCG") became the third contributor to the F&B business division.

### **DIVIDEND**

The Group remains grateful to our shareholders and has faithfully declared dividends every year, despite not having a dividend policy. On 18 April 2022, the Group paid a fourth single-tier interim ordinary dividend of 2.25 sen per ordinary share, with a total dividend payout of RM8.7 million in respect of FY2021. The Group also paid three single-tier interim dividends in respect of FY2022 during the reporting period, with a total pay-out of RM14.6 million. The Board also declared and paid the fourth single-tier dividend of 2.25 sen per ordinary share for FY2022, amounting to RM8.8 million, on 18 April 2023.

In total, Thong Guan has returned around RM117.6 million to shareholders over a period of 7 years. The following chart illustrates the Group's dividend payout since FY2016.

### **DIVIDEND PAYOUT (RM'000)**



### KEY RISK RELATING TO THE BUSINESS AND MITIGATION

### a) Foreign Currency Risk

Thong Guan is an export-oriented company with 80% of its revenue derived from abroad. As major part of the business transactions is transacted in US dollars (USD), hence foreign currency exchange losses or gains may arise during currency receipt or settlement. To mitigate this risk, we rely on natural hedge on foreign exchange to reduce the exchange difference. Additionally, the Group has banking facilities for foreign exchange forward contracts with several financial institutions. Should the need arise, forward contracts could be utilized to lock in the exchange rates between Ringgit and USD, after taking into consideration the exposure period and the related transaction costs.

### b) High Business Concentration risk

90% of Thong Guan's revenue is generated from the plastic products segment, with the stretch film division contributing almost 50% to the total group revenue. A significant drop in sales of the stretch film division would have a deep impact on the Group's business income. As part of our risk mitigation strategy, we put a lot of effort into research and development to create more valuable products that can help us sustain and expand our current market share worldwide. We have set up Newton Research and Development Centre Sdn. Bhd. to provide services to our customers in training on cargo safety and load stability, reducing costs, and using plastic products in an environmentally friendly way.

Although we are highly dependent on the Stretch film division, in the next 10 years, the demand for stretch film will still be increasing, which is in tandem with our expansion project on the stretch film division that will be fully completed in early 2024.

### **BUSINESS OUTLOOK**

The world's economic conditions are expected to continue to be challenging, with uncertainties created by the COVID-19 virus outbreak, the Russia-Ukraine war, high inflation, the continued appreciation of the USD, and drastic interest rate hikes. The management will continue to take precautionary measures amidst these global changes. The Group will take precautions to build on its market position and capture new growth areas, both locally and internationally, for all its product lines. Barring any unforeseen circumstances, we expect that all of the Group's business divisions will continue to be on an upward trajectory.

### **APPRECIATION**

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

## PROFILE OF DIRECTORS



### DULI YANG TERAMAT MULIA TENGKU SARAFUDIN BADLISHAH IBNI SULTAN SALLEHUDDIN

**AGE:** 56 )

**GENDER:** Male

**NATIONALITY:** Malaysian

DYTM Tengku Sarafudin graduated with a Bachelor of Laws Degree from Brunel University, London, United Kingdom and is a Barrister at Law from the Inner Temple, United Kingdom. He started his Career at Sime Darby Berhad in 1992 and was attached to the Corporate Planning and Legal Department and then to Industrial Relations Department. In late 1994, upon completion of his pupillage at Messrs Shearn Delamore & Co, he was admitted as an Advocate and Solicitor of High Court of Malaya. In 1997, he joined Pesaka Jardine Felming Sdn. Bhd., a financial advisory company where he was involved in compliance, secretarial and legal matters. In late 1999, he joined the Malaysian Communications and Multimedia Commission's Legal Department and he left in 2010 as the Head of Legal and Secretarial Department. He is currently a partner in the legal firm, Messrs Kamil Hashim Raj & Lim. DYTM Tengku Sarafudin was proclaimed as the Crown Prince of Kedah on 26 November 2017. He was proclaimed as the Pro Chancellor 1 of Universiti Utara Malaysia in November 2018, as Pro Chancellor of Universiti Islam Antarabangsa Sultan Abdul Halim Mu'adzam Shah and as Chancellor of Management & Science University, both in February 2019.

He attended all the four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He is the cousin of Tengku Muzzammil Bin Tengku Makram, Independent Non-Executive Director. He has no conflict of interest with the Company and does not hold any other directorship in public companies. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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

## DATO' ANG POON CHUAN

**AGE:** 79 )

**GENDER:** Male

**NATIONALITY:** Malaysian

He completed his MCE prior to joining Thong Guan Industries Berhad ("TGI") as a Marketing Executive in 1965. He rose through the ranks to the position of Managing Directors of Syarikat Thong Guan Trading Sdn. Bhd. and Thong Guan Plastic & Paper Industries Sdn. Bhd. (both wholly-owned subsidiaries of TGI) in 1983. During his 58 years of service, he has gained extensive knowledge of the plastic, paper, food, beverages and trading business. His invaluable business acumen and foresight has shaped and build TGI to its present stature. He is a well-respected figure in the plastic industry and was the former President of the Malaysian Plastic Manufacturers Association (Northern Branch).

He attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Khim and Datuk Ang Poon Seong and the father of Ang See Ming. He is a shareholder of Foremost Equals Sdn. Bhd. which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the note to the financial statements and does not hold any other directorship in public companies. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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



## PROFILE OF DIRECTORS (Cont'd)



## DATO' ANG POON KHIM

**AGE:** 69

**GENDER:** Male

**NATIONALITY:** Malaysian

He obtained a Bachelor of Science (Hons) in Mechanical Engineering from Teeside University, U.K and joined Thong Guan in 1980. He has contributed to product development R&D and in sustainability projects. He is presently the Executive Director and is responsible for overseeing production and sales functions of TGI.

He attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Datuk Ang Poon Seong. He is a shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the note to the financial statements and does not hold any other directorship in public companies. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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

## DATO' ANG POON SEONG

**AGE:** 67

**GENDER:** Male

**NATIONALITY:** Malaysian

He is an accomplished business leader, currently serving as the Managing Director of Jaya Uni'ang (Sabah) Sdn. Bhd. and Uniang Plastic Industries (Sabah) Sdn. Bhd., both wholly-owned subsidiaries of TGI. He started as a Marketing Executive at Thong Guan after completing his MCE in 1976. Due to his exceptional performance, he quickly rose through the ranks and was soon tasked with spearheading the company's expansion into Sabah in 1980. With his visionary leadership and unwavering commitment, he successfully established the Sabah operations of TGI Group, which grew to become the largest plastic packaging manufacturer in Sabah.

Under his stewardship, the Sabah operations of TGI Group significantly contributed to the state's economy and provided employment opportunities for many locals. Datuk Ang's dedication and expertise have also earned him various positions in industry associations, including Advisor of Small and Medium Enterprise Association of Sabah and Federation of Sabah Industries. Moreover, he has previously served as Chairman of the Malaysian Plastics Manufacturers Association (Sabah Branch) and President of the Federation of Sabah Manufacturers, highlighting his valuable contributions to the growth and development of the plastics manufacturing industry in Sabah.

He attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Khim and Datuk Ang Poon Seong and the father of Ang See Ming. He is a shareholder of Foremost Equals Sdn. Bhd. which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the note to the financial statements and does not hold any other directorship in public companies. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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



## PROFILE OF DIRECTORS (Cont'd)



### MR. ANG SEE MING

**AGE:** 53

**GENDER:** Male

**NATIONALITY:** Malaysian

He holds a Bachelor of Business (Accounting) degree from Monash University, Australia. He joined TGI in 1993 as an Account Executive and rose through the ranks to become the General Manager prior to his appointment to the Board. He was instrumental in planning the listing of TGI on the Kuala Lumpur Stock Exchange and has contributed immensely to the growth of TGI. He also sits on the board of Fast Energy Holdings Berhad, a company listed on the ACE Market of the Bursa Malaysia Securities Berhad.

He attended all of the four Board meetings held for the financial year. He is the son of Dato' Ang Poon Chuan and the nephew of Dato' Ang Poon Khim and Datuk Ang Poon Seong. He has no conflict of interest with the Company other than as disclosed in the note to the financial statements. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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

### TENGKU MUZZAMMIL BIN TENGKU MAKRAM

**AGE:** 49

**GENDER:** Male

**NATIONALITY:** Malaysian

He graduated with a Diploma in Business Studies and Diploma in Marketing from Stamford Group of Colleges. He started his career at Pembinaan Jayabumi (S) Sdn. Bhd. in 1996 as Marketing Executive. Thereafter, in 1997, he assumed the role as Special Project Executive in FACB Berhad. In 1998, he joined R. AT Design Sdn. Bhd. as an Assistant Manager and was promoted to General Manager in 2002. He is the owner of TM Med Sdn. Bhd. which specialized in the provision of medical supplies to government hospital.

He serves as the Chairman of Remuneration Committee and is a member of the Audit Committee and Nominating Committee. He attended all the four Board meetings held for the financial year. He does not have any family relationship with any director and/or major shareholders of the Company. He is the cousin of Duli Yang Teramat Mulia Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin, Independent Non-Executive Chairman. He has no conflict of interest with the Company. He has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

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



## PROFILE OF DIRECTORS (Cont'd)



### MR. LEE KEAN TEONG

**AGE:** 64

**GENDER:** Male

**NATIONALITY:** Malaysian

He was with KPMG Malaysia for more than 35 years and was a partner until his retirement on 31 December 2014. He qualified as a Chartered Accountant of Malaysia Institute of Accountants (MIA) and is also a member of Malaysian Institute of Certified Public Accountants (MICPA).

He has extensive experience in audit and management consulting throughout his career. He was the engagement partner for a wide range of companies which include public listed companies and multinationals in various industries, mainly in manufacturing, property development and construction, hotel, stock broking and finance. He currently sits on the Board of EG Industries Berhad, Asas Dunia Berhad and Oriental Holdings Berhad.

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

He was appointed as the Independent Non-Executive Director on 28 November 2022.

### MS. TEOH MEI SHEAN

**AGE:** 45

**GENDER:** Female

**NATIONALITY:** Malaysian

She graduated with a Bachelor of Architectural Studies (Hons) and a Diploma in Architecture from the University of Glasgow, Scotland. She is a member of the Board of Architects Malaysia and the Malaysian Institute of Architects, and is also a Board Member of the Lembaga Totalisator Malaysia of the Ministry of Finance.

She Started her career at Keppie Designe Ltd. In Glasgow for a year before returning to Malaysia in 2002. On her return from the United Kingdom, she joined M.K.Teoh Architect as Project Architect for 6 years, before joining Arkitek ZAA Sdn Bhd in 2008. She is one of the main consulting architects leading the practice currently and has extensive experience in design and project management on a variety of projects specializing in hospitality, institutional and residential buildings.

She serves as the Chairman of Nominating Committee and a member of the Audit Committee and Remuneration Committee. She does not have any family relationship with any director and/or major shareholders of the Company. She has no conflict of interest with the Company. She has not been convicted for any offences (other than traffic offence, if any) over the past 5 years and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

She was appointed as the Independent Non-Executive Director on 28 November 2022.





**FY2022 SUSTAINABILITY REPORT** 

# LIVE GREEN

A SUSTAINABILITY
ADVOCATOR'S JOURNEY





## **OUR SUSTAINABILITY STATEMENT**

"We are committed to creating a safer, better and greener world in pursuit of our mission of becoming a sustainability advocator.

We do that by focusing our initiatives on product innovation, organisational culture & governance, waste reduction, emission reduction & balancing, and resource conservation & preservation."





# Introduction

## Closing the Green Chasm



## FY2022 Sustainability Highlights

- Continued #LiveGreen's ethos
- Introduced our IPAK5, a highly affordable IoT solution designed to help businesses have better visibility and traceability on packaging operations
- Rewarded an additional green certificate—GRS
- Our Newton lab was certified ISO 17025
- Started our water risk assessment at locations where we operate
- Saved over 2,855 tCO<sub>2</sub>e from the usage of solar energy
- Converted 548 MT of post consumer wastes into green products
- Received two significant awards, Sustainability Rising Star Award at the ACES Awards 2022 and The Star Export Excellence Awards

We are not your ordinary packaging solutions provider. Driven by our Board's belief in our environmental, social and governance responsibilities as a stakeholder of the planet, we have been delivering value beyond product functionality. It is in our DNA to build an enduring legacy with a lasting impact on posterity. We are dedicated and committed to becoming a sustainability advocator, helping our clients drive and achieve their sustainability goals.

Thong Guan unremittingly continues to build on competencies and capacities to drive excellence through innovation. We do not just produce and supply packaging products.

We are on a mission to create a safer, better working world through our continuous green initiative—#LiveGreen, which encompasses product innovation, energy-saving processes, organisational culture, resource conservation, waste reduction, zero-emission, and governance.

We will continue to drive #LiveGreen's ethos in everything we do while maintaining our promise to our customers in quality performance consistency, cost-effective, optimised packaging solutions, and innovative green possibilities. We are committed to pursuing the path as a sustainability advocator for our customers and partners, and future through quantifiable sustainability efforts.



## **About Us**

## Who We Are



In this fast-paced era of business globalisation, Thong Guan Industries Berhad ("Thong Guan", "the Group", "us", "our", or "we") has been continuously evolving to strive for sustainable growth. Over 80 years in business operations, we have established well-diversified plastics products and food packaging beverage ("F&B") businesses and export to over 70 countries. As we continue our growth strides, we are very cautious of our impact on the economic, social and environmental scales. Therefore, it is pertinent to understand the matters that affect the Group's sustainability and ensure that we identify and manage them accordingly.



>70
Country Export



81
Years of Excellency



**1** / Factories

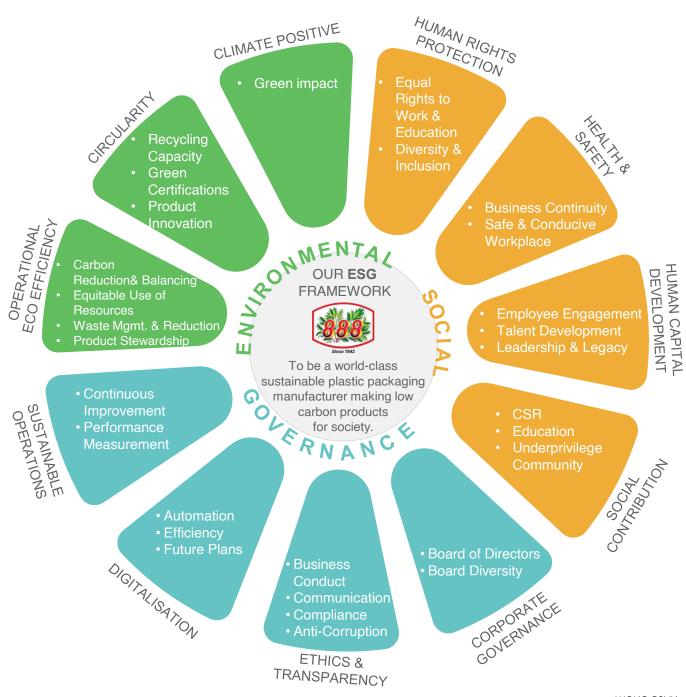
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# **Our ESG Framework**

## #LiveGreen Roadmap

Our Environmental, Social, and Governance Framework outlines our goal, key initiatives, and strategic action plans encompassing factors related to environmental, social and governance. The aim is to make sustainability easier to achieve through sharing of our successes, document the pitfalls encountered and challenges met, and how we overcome them for future improvements.





# **Our Core Strategies**

# Matching our core strategies with United Nation (UN) Sustainability Development Goals (SDGs)

We want to build economic growth and address a range of social needs, including education, health, social protection and job opportunities, while tackling climate change issues through environmental conservation and preservation.

We create value focusing on 3Ps—People, Planet and Prosperity. We develop our Environmental, Social and Governance (ESG) core strategies through the guidance of UN SDGs.

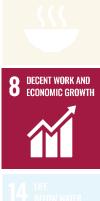
### **Our Initiatives**

TG as a stakeholder and steward of the planet, our sustainability and corporate citizenship initiatives encompass these areas.

- Recycling & Circular Economy
- · Climate Change & Energy
- · Health, Safety & Well Being
- Corporate Social Responsibilities & Collaboration
- Effective, Accountable & Transparent Organisational Structure & Culture

# SUSTAINABLE GALS DEVELOPMENT GALS





























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# Scope & Assessment

## Reporting Scope

We are proud to present our Sustainability Report for the financial year from 1 January 2022 to 31 December 2022 ("FY2022"). Thong Guan is committed to the provisions of the Main Market Listing Requirements of Bursa Malaysia on reviewing, updating and reporting our sustainability performance annually. During the year in review, the reporting covers the Group's operations in Malaysia and China. Our reporting has been prepared in accordance to the guidelines set out in the Main Market Listing Requirements concerning the Sustainability Statement in the Annual Report of Listed Issuers (Guidelines) issued by Bursa Malaysia Securities Berhad.

We strive to do our utmost to strike a meaningful balance between our economic aspirations and our social and environmental obligations. This Sustainability Report details our continuous efforts to ensure that as we pursue growth in profits and expansion of our operations, we remain vigilant of our actions' economic, social, and environmental impact.

## **Materiality Assessment**

In FY2022, we perform our materiality assessment based on our ESG framework. In the materiality assessment, Operational Eco Efficiency, Circularity, Climate Positive and Ethics & Transparency were identified as the topics of highest importance.



- Operational Eco Efficiency
- Circularity

1

2

- 3 Climate Positive
- Human Rights Protection
- 5 Health & Safety
- 6 Human Capital Development
- **7** Social Contribution
- 8 Corporate Governance
- 9 Ethics & Transparency
- 10 Sustainable Operations
- 11 Digitalisation



# Stakeholder Engagement

## Staying relevant & add value

Stakeholder engagement is key to ensuring our business continue be relevant and add value. The table below shows the engagement activities we have carried out during financial year 2022.

STAKEHOLDERS	AREAS OF INTERESTS	METHOD AND FREQUENCY
Bankers, Investors & Shareholders	<ul><li>Sustainable Operations</li><li>Ethics &amp; Transparency</li><li>Corporate Governance</li></ul>	<ul><li> Quarterly Financial Result</li><li> Annual General Meeting</li><li> Company Website</li><li> Annual Reports</li><li> Press Release</li></ul>
Customers, Suppliers & Business Partners	<ul><li>Operational Eco Efficiency</li><li>Circularity</li><li>Climate Positive</li><li>Ethics &amp; Transparency</li><li>Digitalisation</li></ul>	<ul> <li>Customer Satisfaction Survey/Supplier Evaluation</li> <li>Customer Service &amp; Communication</li> <li>Trade Fairs &amp; Frequent Site Visits</li> </ul>
Employees	<ul> <li>Human Rights Protection</li> <li>Health &amp; Safety</li> <li>Human Capital Development</li> </ul>	<ul> <li>Communications, through counselling &amp; memo circulation</li> <li>Workplace Continuous Improvement Annual Performance Appraisal</li> <li>Trainings &amp; Workshops</li> <li>Employee Events, including outing and get together gathering</li> </ul>
Regulators, Government & Authorities	<ul><li>Corporate Governance</li><li>Circularity</li><li>Climate Positive</li></ul>	<ul> <li>Compliance &amp; Certification         Exercises, including site visits and audits by authorities/certification bodies     </li> </ul>
Communities	<ul><li>Social contribution</li><li>Circularity</li><li>Climate Positive</li></ul>	<ul><li>Educational Site Visits</li><li>Community Outreach Programmes</li></ul>
Consultants (In the areas of business, finance, environment, social and governance)	<ul><li>Corporate Governance</li><li>Ethics &amp; Transparency</li><li>Circularity</li><li>Climate Positive</li><li>Health &amp; Safety</li></ul>	Communications, through collaborations and engagement sessions with consultants

# **Environmental**

Our sustainability goals toward carbon reduction, focusing on short & mid-term targets





### **ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY** 1. CARBON FOOTPRINT REDUCTION & BALANCING

## **GHG Emissions Reduction**

Keeping our environmental impact in check

### **Objectives**

- · To assess the environmental impact of our Group's business activities by calculating Scope 1 & Scope 2 of the greenhouse gas (GHG) emissions.
- To set up a data collection system for Scope 3 emission based on GHG Protocol, a widely used international accounting & reporting tool.

### **Our Sustainability Indicator**



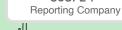




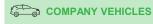
### **GHG EMISSIONS ACROSS OUR VALUE CHAIN**

### **GHG REDUCTION** THROUGH OPERATIONS

efficiency across all sites SCOPE 1<sup>^</sup>



**PRODUCTION PLANTS** 



**COMPANY FACILITIES** 

GHG **SCOPE 1 INTENSITY** 

(Refer to page 30 of this report)

Scope 1: Direct GHG

that are owned or

emissions from sources

controlled by a company

### **GHG REDUCTION THROUGH PARTNERSHIP**

Collaborate towards efficiency via recycling, green sourcing, use of new technologies, etc.

### SCOPE 2

**Upstream Activities** 



**PURCHASED ELECTRICITY** FOR OWN USE

**GHG SCOPE 2 INTENSITY** 

(Refer to page 27 of this report)

### SCOPE 3

Upstream & Downstream Activities



**PURCHASED GOODS, SERVICES** & CAPITAL GOODS



**FUEL & ENERGY** RELATED **ACTIVITIES** 



**BUSINESS TRAVEL** & EMPLOYEE COMMUTING



WASTE **GENERATED IN** 

**OPERATIONS** 

**TRANSPORTATION** 



CONSUMPTION

### TARGET OUTPUT

To achieve total 10% GHG reduction of Scope 1 & Scope 2 by 2025

> Scope 2: Indirect GHG emissions resulting from the electricity purchased by a company

To set up data collection system & progressively report the GHG reduction of Scope 3 until 2030

Scope 3: Indirect GHG emissions from sources not owned or directly controlled by a company but related to the company's activities

- ✓ We have identified Scope 2 with the most potential positive impact for achieving our stated energy and emission targets.
- ✓ By subscribing to Malaysia GET Programme, we leapfrogged toward fulfilling our commitment to achieve a 10% reduction in combined Scope 1 & 2 intensity by 2025 (Refer page 26 & 27 of this report).

<sup>^</sup> Our scope 1 derived from consumption of diesel and petrol of the companies



# **Energy Management**

## Improving Operational Efficiency

### **Objectives**

To reduce  $CO_2$  emission by actively reducing our reliance on conventional energy, increasing the use of renewable energy, and improving our operational eco-efficiencies factors.

### **Our Sustainability Indicator**







### Improving operational efficiency

Investing in operational and energy efficiency to reduce emissions in our operations is always the key strategy in our energy management. We have a dedicated in-house engineering team that closely monitors the energy consumption efficiency of our facilities.

In 2022, we participated in Energy Efficiency Project Malaysia under Twelfth Plan (RMK-12) and completed energy audit of an active subsidiary. We will implement energy-saving measures based on the energy audit report outcome in next three years. We also target to complete energy audit of another 2 active subsidiaries in FY2023.





Our power energy-saving project includes changing the chiller system, lightings to energy-saving bulbs & tubes, control system from direct online starter to variable frequency drive. These transformations brought considerable energy savings.

Leveraging on latest technologies and innovations is always our key approach to reduce electricity consumption. We brought in the first 33-nano-layered technology machine to Asia Pacific in 2016 which allows us to achieve greater energy efficiency. Energy efficiency is always one of our top propriety for capital investment.

We will continue to monitor and improve operational and energy efficiency.

✓ In 2022, we completed energy audit of an active subsidiary. To implement energy-saving measures based on the energy audit report outcome in next 3 years with the target to reduce Building Energy Index by 5%. This is considered as an significant improvement as the said facility has been operating with systematic energy management program.

# SUSTAINABILITY STATEMENT (Cont'd)

## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY 2. EQUITABLE USE OF RESOURCES

# **Energy Management**

## Harnessing energy from the sun

### **Objectives**

To reduce CO<sub>2</sub> emission by actively reducing our reliance on conventional energy, increasing the use of renewable energy, and improving our operational eco-efficiencies factors.

### **Our Sustainability Indicator**







### Harnessing renewable energy

In 2018, we began installing solar photovoltaic (PV) system on the roofs of our factories to reduce our reliance on conventional energy.

We have invested RM 11 million in solar PV system so far and there are projects in the pipeline to increase the capacity of our solar PV system as we expand our production floor and capacity. We expect to complete installation of solar PV system at 2 production facilities with an investment cost of RM2.3 million in FY2023. This will generate additional 1.5 million kWh renewable energy annually.

- ✓ In 2022, our combined use of 4,468 MWh of solar energy saved over 2,855 tCO₂e.
- ✓ Since the installation of the PV system, our combined use of 17,785 MWh of solar energy saved over 14,219 tCO₂e.
- We will continue to seek ways to reduce our carbon footprint in line with the UN SDGs.

### **Exploring natural capital solution**

In 2022, we obtained 4% usage of renewable electricity generated by our own PV system on group wide basis. Our goal is to increase usage of renewable electricity to 10% by 2025 and 20% by 2035.

Challenges to achieve our goal includes:

- · Limitations of available rooftop space
- Variability of energy output from the sun
- · Quota allocation of solar capacity

We subscribed to Green Energy Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) since the first quarter of 2022 as an alternative to increase our usage of renewable electricity. With this move, we leapfrogged and fulfilled our commitment earlier. On a group wide basis, we achieved 64% usage of renewable energy in FY2022.

GET electricity is from solar and hydro generators. This offers us a further reduction opportunities of our GHG emissions in line with our support of the Paris Agreement and our race towards Net Zero.

Despite we have achieved our goal on usage of renewable energy, we will continue to support the growth of renewable energy and maximise renewable energy where possible. New installation of solar PV system in FY2023 and on-going energy audit exercises by major subsidiaries will further increase our usage of renewable energy percentage.

✓ In 2022, we obtained 64% usage of renewable electricity, achieved our goal of 10% by 2025 and 20% by 2035.





# **Energy Management**

Increasing the use of renewable energy

### **Objectives**

- To increase the use of renewable energy to 10% for our stretch films & flexible packaging facilities by FY2025
- To support the growth of Malaysia's renewable energy

### **Our Sustainability Indicator**







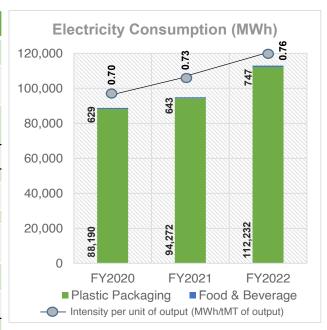
### **Our Performance**

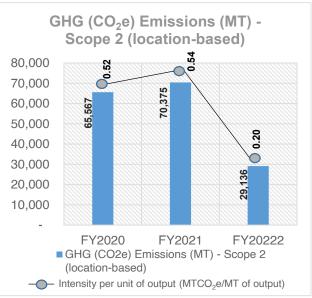
Electricity Consumption (MWh)				
	FY2020	FY2021	FY2022	
Food & Beverage	629	643	747	
Plastic Packaging	88,190	94,272	112,232	
Total	88,819	94,915	112,979	
Powered by:				
Solar PV System	4,759	4,690	4,468	
GET	-	-	66,759	
Fossil-based	84,060	90,225	41,752	
Total	88,819	94,915	112,979	

GHG (CO₂e) Emissions (MT)				
FY2020 FY2021 FY2022				
Total	65,567	70,375	29,136	

### Note:

- FY2020 and FY2021 Energy Consumption and GHG (CO<sub>2</sub>e)
   Emission disclosed above refer to consumption and emission of facilities located in West Malaysia only.
- Scope 2 emission factors refer to:
  - Grid emission factors in Malaysia (2017-2019) published by Suruhanjaya Tenaga Malaysia
  - Electricity emission factor published by Ministry of Ecology and Environment of the People's Republic of China dated 15 March 2022
- Scope 2 GHG emission reduced by 62% due to subscription to GET Programme







# Water Management

## Managing & reducing our water consumption

### **Objectives**

To reduce 10% of our FY2021-baseline water consumption per metric tonnes of production output in FY2025.

### **Our Sustainability Indicator**







### **Our commitment**

We are committed to undertaking the following actions where appropriate, continuously & progressively

- To assess our water usage to understand the extent to which we use water
- To formulate cleaner productions and consumptions strategy corporate-wide
- To evaluate & assess the need to invest in wastewater treatment facilities
- To invest in & use new technologies to reduce our water consumption

## Our water risk assessment and management

Water is a critically important resource. We have geared our global operations towards achieving water intensity reduction targets of 10% by 2025 and 30% by 2050 compared to FY2021 baseline.

In FY2022, we report transparently on our water use and aim to continuously improve our overall water performance.

Our main source of water is via municipal pipelines. Water is not main resource used for both Packaging and F&B Division. Our F&B Division mainly processes dry material.

Nevertheless we recognise water as a very essential and important natural resource for all life function on earth. Water mismanagement/ unregulated water consumption is a risk that we must manage across our operations.

In FY2022, we conduct water sensitivity analysis using the AQUEDUCT 3.0 Water Risk tool developed by WRI to further understand our relative climate change and water risk. Through this tool, we able to assess both the limitation and opportunities related to water.

### **Operational water footprint**

Any water effluent generated by our activities is managed responsibly and in accordance with legislative requirements in jurisdictions where we operate. We also periodically monitor the effluent quality of certain plants, which case samples were collected and sent to third party laboratories for analysis. There is no incidents of noncompliance with water effluent reported in the past 3 years.



# Water Management

## Managing & reducing our water consumption

### **Objectives**

To reduce 10% of our FY2021-baseline water consumption per metric tonnes of production output in FY2025.

### Our Sustainability Indicator







### **Operational water footprint**

We always mindful on the risk of contaminating surrounding natural water sources. We practice the following at our facilities.



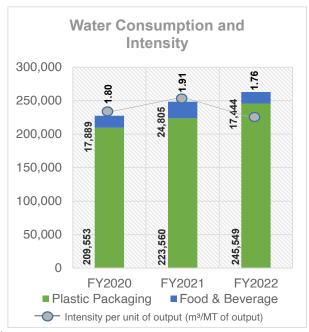
Install aluminium net as drain filter to prevent resin flow into drain



Built brick barricade to avoid resin flow into drain

### **Our Performance**

Water Consumption (m³)				
	FY2020	FY2021	FY2022	
Food & Beverage	17,889	24,805	17,444	
Plastic Packaging	209,553	223,560	245,549	
Total	227,442	248,365	262,993	



### Note:

 FY2020 and FY2021 Water Consumption and Intensity disclosed above refer to consumption of facilities located in West Malaysia only.

✓ We are committed to keep plastic resin out of our natural environment, including waterways and ocean.



# **Alleviate Climate Change**

## Managing our environmental impact

### **Objectives**

To mitigate and reduce the negative impacts of our operations by conserving natural resources and materials

### **Our Sustainability Indicator**



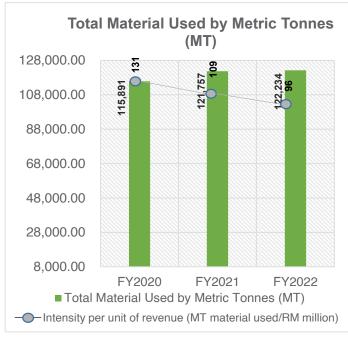


### **Responsible Consumption**

We always strives to use materials responsibly. We encourage sustainable consumption and closely monitor the total volume primary materials such as resins, masterbatches and additive that is being consumed within our Packaging Business Unit.

Total Materials Used by Metric Tonnes (MT)

	FY2020	FY2021	FY2022
Total	115,891	121,757	122,234



### Note:

 Material consumption disclosed above refer to consumption of facilities located in West Malaysia only. In FY2022, we also initiated program with selective customers to reuse or recycle packing materials, which includes plastic or wooden pallets, carton boxes, plastic or paper cores.

In addition, our cartons and paper cores are 100% sourced from recycled material,

### **Equipment Modernisation**

In 2022, we have procured 10 electric forklift as part of our decarbonisation and equipment modernisation plan. Electric forklift doesn't release as much harmful emission and pollution like diesel-based forklift. This helps to improve air quality.



Our Scope 1 emission derived from consumption of diesel and petrol of the Group. In 2022, we recorded 0.01kg CO<sub>2</sub>e per kg of production output (FY2021: 0.01kg CO<sub>2</sub>e per kg of production output).



## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY 3. WASTE MANAGEMENT & REDUCTION

## **Waste Reduction**

## Managing & reducing our production waste

### **Objectives**

- To achieve zero plastic production waste by 2023.
- To reduce non-recycled items to landfill by 30% in 2023.

### **Our Sustainability Indicator**





We continue to divert our waste from operations from going to landfills to reduce our environmental footprint. Our long-term waste management approach covers both internal and external waste management.







### Internal waste management

## Post Industrial Plastic Waste (PIW)

We monitor our daily plastic production waste in our continuous effort to reduce in-house plastic production waste. The production manager will investigate if the plastic production waste percentage exceeds the internal threshold set.

We achieved zero internal plastic production waste in 2022. This means 100% of our industrial waste were turned into PIR resins. It is achieved by recycling our plastic production waste back into the production process.

### Our actions plans

- Have a dedicated team to oversee the internal waste management process.
- Segregate plastic production waste by grade, type and colour to control the quality of our PIR resins.
- Report the output and consumption of PIR resins weekly.
- Invest in recycling machines to enhance our recycling capabilities.

### Other waste

 Hazardous waste (disposed off by licensed hazardous waste recycling operators)  Non-hazardous waste (non-regulated waste such as metal, paper will be disposed off to waste collectors)

We channel the money collected through non-hazardous waste disposal into CSR activities and staff welfare.

It is in our culture to adopt TG GREEN practices. As such all employees strive to reduce, reuse and recycle our non-hazardous waste to divert them from landfills.

✓ In 2022, all our plastic production waste were recycled and achieved zero plastic production waste. This minimise pollution and negative impact on environment.



# ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY 3. WASTE MANAGEMENT & REDUCTION

## **Waste Reduction**

Managing & reducing our production waste

### **Objectives**

- To achieve zero plastic production waste by 2023.
- To reduce non-recycled waste to landfill by 30% in 2023.

### **Our Sustainability Indicator**





We also adheres to a waste management hierarchy that ranks our waste management priorities with reduction of waste and recycling or reusing of waste being the most preferred.

### Internal waste management

### Other waste

In 2022, we continued to expand our efforts in reducing the waste we generate.

We are collaborating with a vendor to recycle our used wooden pallets. We are working together with industry expert in pallet management, repair and resize our used wooden pallets and making full use of them so that they are not simply entrusted to the landfill.

In the month of December 2022 alone, we recycled 2,537 wooden pallets with the savings of 71 tCO<sub>2</sub>e. Collaboration across the industry is needed to further improve our waste management.

Waste segregation campaign was successfully launched within the facilities at West Malaysia. We target to reduce non-recycled waste by 30% in 2023 compared to FY2022 baseline.

In 2022, total post consumer waste processed into recycled resin increased by 67MT or 14% to 548MT (refer to page 22 of the report)







### **Our Performance**

Type of Waste by Metric Tonne (MT)	FY2020	FY2021	FY2022
Scheduled (Hazardous) Waste	6.59	6.89	5.37
Total Non- Hazardous			
-Recycled (plastic waste)	422	481	548
-Non Recycled (plastic & others)	-	-	512

### Note:

- The above refer to hazardous and non-hazardous waste disposed by facilities located in West Malaysia only.
- Information of non-recycled waste (plastic & others) is available from FY2022 onwards.

✓ Our goals is to divert 30% and 60% of our waste from landfill by 2023 and 2025 respectively compared to FY2022 baseline.



## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY 3. WASTE MANAGEMENT & REDUCTION

## **Waste Reduction**

## Increasing our efforts through repurposing & recycling

### **Objectives**

- To achieve zero plastic production waste by 2023.
- To achieve 25% PCR of total production output for local sales by 2025\*.
- To achieve 10% PCR of total production output by 2030.

### **Our Sustainability Indicator**





### **External waste management**

### Post-Consumer Plastic Waste (PCW)

Our RE:USE program helps turn our customers' plastic waste into recycled resins with our recycling capacity and know-how. It gives our customers' plastic waste a purpose again while allowing us to close the loop together. It is a crucial step in our goal of a circular economy.

Handling PCW comes with immense challenges, but we support the use of post-consumer resin (PCR) for greener results. Our ambition toward industrial plastic circularity is incomplete without formulating and successfully executing our strategies for handling PCW.

We aim to use 10% PCR, whether purchased or through our RE:USE programme, in our total plastic production output by 2030.



**RE:DO** is our internal **RECYCLING PROGRAMME** where we turn stretch films waste into recycled plastic bags, giving their lifecycle purpose once again.



RE:USE Is our external REPURPOSING PROGRAMME where we take in post-industrial and post-consumer plastic wastes to turn them into recycled resins.



**RE:DUCE** is our internal initiative to reduce wastage. Some efforts include

- · Reusing film cores
- Repurposing excess films into smaller rolls
- Reducing the size of the paper core

### RE:DO:

✓ We are proud of the result of our RE:DO programme. All our plastic production waste were recycled. Waste segregation campaign successfully launched and PCW recycled resin processed internally increased by 14%.

<sup>\*</sup> This is in line with the national target published by KASA in Malaysia Plastics Sustainability Roadmap 2021 – 2030.



## ENVIRONMENTAL OPERATIONAL ECO EFFICIENCY 4. PRODUCT STEWARDSHIP

# Life Cycle Assessment

Conservancy through the study of the environmental impact of our products

### **Objectives**

- To conduct LCA for our stretch film products in FY2021.
- To increase the LCA coverage of our stretch film products to 70% by 2025.
- To achieve 30% LCA coverage for other plastic packaging products by 2025.

### **Our Sustainability Indicator**





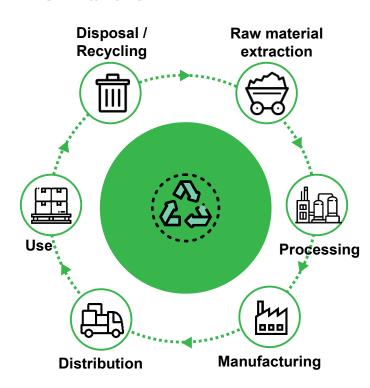


# Product stewardship through Life Cycle Assessment (LCA)

We are collaborating with SIRIM Berhad to conduct an ongoing LCA for our stretch film division in compliance with ISO 14044 (Environmental Management – Life Cycle Assessment) to evaluate the environmental impact of our products.

We proactively seek evaluation and comments from suppliers and customers for improvements throughout the lifecycle of our products.

### LCA Framework



✓ We will continue to run the LCA with selected partners to achieve our total coverage targets, expanding the efforts to all plastic packaging products.



### **ENVIRONMENTAL CIRCULARITY** 1. RECYCLING

# **Green Competency**

Driving plastic circularity through internal recycling

### **Objectives**

- · To increase PCR capabilities & resins output volume of
- · To improve the formulation of recycled resins beyond 50% recycled content

### **Our Sustainability Indicator**







• To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

### TGSH Plastic Industries



TGSH Plastic Industries Sdn. Bhd. (TGSH) is our internal recycling plant since 2011. In FY2021, TGSH recycled about 481 MT of post consumer waste into green products.



As a plastic packaging manufacturer, we know the challenges of plastic circularity. We believe recycling is one of the practical solutions to address these issues. We focus on driving changes of our stakeholders' perception towards recycling.

### **Our Focus & Commitment**

Since FY2021, we increased our sharing to educate our Stakeholders (employees, suppliers and customers) on recycling the importance of plastic circularity.

### **Customers**

- Encourage our customers to consider high recycled content products (30% & above) or low carbon products.
- The sales team conducted briefings & meetings with customers to promote the green features of our products.
- We increased the awareness among our customers on their role to minimise environmental impact by supporting environmentally friendly products.
- We provided data & evidence-based test results by Newton R&D Centre to assure our customers of the quality performance of our recycled packaging.
- We quantified sustainability our commitment through green certificates, ISCC Plus & GRS.



# ENVIRONMENTAL CIRCULARITY 1. RECYCLING

# **Green Competency**

# Driving plastic circularity through internal recycling

# **Objectives**

- To increase PCR capabilities & resins output volume of TGSH
- To improve the formulation of recycled resins beyond 50% recycled content

# Our Sustainability Indicator







 To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

## **TGSH Plastic Industries**

Transparency in our bookkeeping is vital to our commitment to our stakeholders. Creating the demand for recycled content products will contribute to the recycling industry and UN SDG 12 – Responsible Consumption and Production.

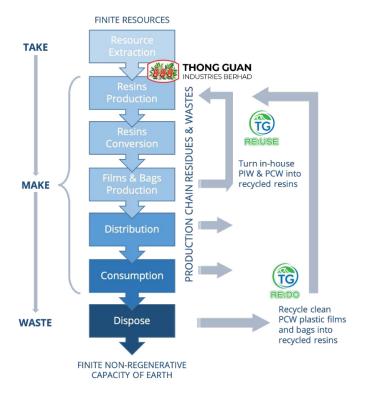
# **Suppliers**

- To continue establishing solid partnerships with suppliers that share the same value & ethical business conduct.
- Our cartons and paper cores are 100% sourced from recycled material.

## **Employees**

- To continue strengthening & encouraging our employees To improve internal waste management.
- To continue integrating recycling & effective waste management into our dayto-day operations.

Thong Guan strives to close the loop through internal recycling initiatives.



- ✓ Invested a total of RM 5.9 million in recycling machines since 2016 including a new investment of top-notch recycling machine in January 2023.
- ✓ We streamlined our in-house recycling process to minimise contamination of the manufacturing waste, which are for instance from side trims or rejects. In doing so, we will have better control in ensuring the quality of our recycled resins.



# ENVIRONMENTAL CIRCULARITY 2. GREEN CERTIFICATIONS

# **Justifiable Sustainability**

Quantifying & qualifying our recycling competency

## **Objectives**

- To seek respectable green agencies and policymakers for guidance and advice in quantifying our green efforts
- To obtain necessary green certificates that will also help our stakeholders in quantifying and achieving their sustainable goals

# **Our Sustainability Indicator**







## **ISO 14001**

Our emphasis on obtaining globally recognised certifications such as ISO 14001, ISCC PLUS and GRS enables us to stay updated with industry best practices and enhance our reputation by showcasing our commitment to be transparent in supply chain.

ISO 14001 is a top global standard that set out requirements for establishing an effective environment management system and serves as a valuable guideline for us. In 2022, another subsidiary, TGW Plastic Packaging Sdn. Bhd. was certified ISO 14001, which made all major production facilities located in West Malaysia are certified ISO 14001.

Thong Guan Group entities that have obtained	ISO14001	ISCC PLUS	GRS
Thong Guan Plastic & Paper Industries Sdn. Bhd.	1		
TG Plastic Technologies Sdn. Bhd.	1	/	
TGSH Plastic Industries Sdn. Bhd.	1		1
TGW Plastic Packaging Sdn. Bhd.	/		/
TG Power Wrap Sdn. Bhd.	/		

## ISCC PLUS Certificate and GRS certificate

ISCC Plus and GRS certificates are the proof of successfully audited production process to use recycled material and products are processed more sustainably.

We opts for voluntary disclosure of our products' GHG emission under ISCC Plus to allows our customer to evaluate the environment impact using our products.

✓ An additional subsidiary, TGW Plastic Packaging was awarded GRS certificate in 2022, which made 3 of our plastic packaging facilities in West Malaysia are certified under GRS or ISCC Plus.









# ENVIRONMENTAL CIRCULARITY 3. PRODUCT INNOVATION

# #LoopClosers

# Closing the loop with IoT Solution

## **Objectives**

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

# **Our Sustainability Indicator**







# Introducing #LoopClosers

Since FY2021, we began expanding our recycled stretch film products. The series of products innovated with high-recycled content are categorised under #LoopClosers. The aim is to offer more sustainable products for our customers, helping them achieve their sustainable goals together. Nano Green, our 15- $\mu$ m high-quality recycled machine film with 30% post-industrial waste was launched in FY2021. We continue to develop our product in FY2022 by taking environmental impact into consideration, i.e. iPAK5, a highly affordable IoT solution designed was introduced to help businesses have better visibility and traceability of their packaging operations.

## iPAK 5



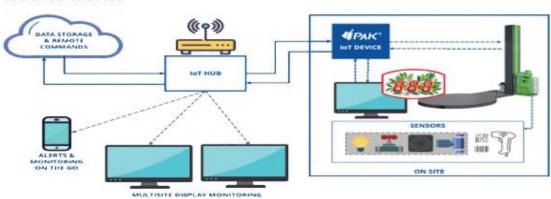
How it works

Gain some of these insights and more

- Total films consumed
- Alerts on downtime
- Multisite monitoring
- Stretch percentage
- Estimated CO2 savings

Achieve optimum operations with iPAK5

- Performance visibility & traceability
- Reduction of product damages on arrival
- Safety improvements along the supply chain
- Productivity boosting
- Cost reduction in the long run
- Sustainability





# ENVIRONMENTAL CIRCULARITY 3. PRODUCT INNOVATION

# #LoopClosers

# Closing the loop with 30% recycled machine films

# **Objectives**

- To continue innovating high recycled content stretch films with quality performance consistency
- To continue research & development for environmentally friendly products & initiatives

# **Our Sustainability Indicator**







# The Advantages #LoopClosers Products with Thong Guan's Expertise

A case study of our Nano Green (15 μm) with 30% recycled machine film vs. conventional film (20 μm) with 100% virgin resin

# SUSTAINABILITY ADVANTAGES



1,471KG reduction in virgin resin used for every 100 rolls of Nano Green



**39% less** truckloads shipped



18 % decrease in cores consumed



2,912KG reduction in co2 emmision

# That's equivalent to ...



number of smartphones charged



pounds of coal burned



barrels of oil consumed\*

- Source : (a) Internal Data; (b) Eionet Report (2021/3) published by European Topic Centre on Waste and Materials in a Green Economy (ETC/WMG).
- Greenhouse Gas Equivalencies based on saving of 2,912KG CO2, not including transportation and distribution. The results were generated using Greenhouse Gas Equivalencies Calculator by United States Environmental Protection Agency.
- Results should be viewed as directional environmental performance indicators and should not be used in isolation to support environmental marketing claims without further documentation and external assurance.





# **ENVIRONMENTAL CLIMATE POSITIVE**

1. GREEN IMPACT

# Sustainability Through Data

Optimising performance to achieve greener impact

# **Objectives**

- To lower our environmental impact through stringent quality and sustainability standards
- · To help our customers achieve sustainability through packaging optimisation solutions that reduce cost of wrapping, product damages, road accidents, wastage & GHG emissions.

**Our Sustainability Indicator** 





We design, develop, and deliver products that adhere to stringent quality and sustainability standards to lower our environmental impact. Newton Research & Development Centre Sdn. Bhd. started in 2015 with the end in mind to achieve sustainability by providing packaging optimization solutions that reduce wrapping costs, product damages, road accidents, wastage, and GHG emissions.

# Safe & Stable Load Reduce Risk of Road Accidents

In Newton, our state-of-the-art simulators test palletised load stability and integrity in real-world scenarios, including possible phenomena on road, rail, sea and air, and transportation movement. Our alobal standards lab simulation tests assure our customers that their palletised load can survive the long journey, even with potential incidents in-transit or in-situ. Reducing the risk of road accidents also helps reduce transportation-related road fatalities, which is vital to our mission. Newton is certified ISO 17025 in FY2022.



In Europe, we invested in mobile truck equipped with topnotch testing equipment to provide quickest response to our customers.

# **Deliver Goods Undamaged**

The hidden cost of damaged goods impacts iust businesses but also environment. When the palletised goods of shipments and cargos are not appropriately secured, it means high risks of wastage, from unnecessary use of packing materials to damaged goods, which leads to costs to businesses and the environment. It also means the handling of damaged products is a waste of resources, such as additional fuel to return the rejects, replacement of new products and unnecessary need for more work hours, production operations, and documentation.

We advocate designing products packaging with product transportation taken into consideration. We continually explore and provide optimal packaging solutions for palletised loads to ensure a better, greener and safer world.

We are a member of EUMOS, the European Safe Logistics Association, an association devoted to improving safety throughout the logistics chain.

# SUSTAINABILITY STATEMENT (Cont'd)

# ENVIRONMENTAL CLIMATE POSITIVE

1. GREEN IMPACT

# Sustainability Through Data

# Optimising performance to achieve greener impact

# **Objectives**

- To lower our environmental impact through stringent quality and sustainability standards
- · To help our customers achieve sustainability through packaging optimisation solutions that reduce cost of wrapping, product damages, road accidents, wastage & GHG emissions.

## Our Sustainability Indicator





# An Accredited Research & **Development Centre by MIDA**

Newton is officially recognised by the Malaysian Investment Development authority (MIDA) as a research and development centre. In believing that growth and innovation are infinite, we invest our resources in continuous research, analysis and development. We will continue to play the vital role of setting high safety standards and adhering to local and international security regulations.

Started from Malaysia, Newton is now available in Europe and China as Newton Europe and CargoSafe respectively.

## Validation and Certification

Newton strives to set the best practices standards with vigorous validation and certification. We are certified by ISTA, EUMOS 40509, ASTM International, ISO 17025









# **NEWTON**

# **Pallet Load Securing Consultation**

We help to solve customers' load stability issues by adopting "lab to field" approach which mean we solve customers' load stability issues at their premises.

We helped 112 customers to improve existing load stability performance, to be more effective in load preparation, to save cost in wrapping materials and to reduce freight damage.



We are the first to have an acceleration and deceleration

## **Newton Academy**

We set up Newton Academy with the objective to bridge the gap in packaging knowledge for a broad range of industries.

We offer courses on right packaging material selection, load stability and preparation, fast transhipment, storage space saving tactics etc.

We have delivered 379 training sessions to participants from various industries since the start of Newton Academy in FY2018.



Training provided to overseas customers



# ENVIRONMENTAL CLIMATE POSITIVE 1. GREEN IMPACT

# **Sustainability Through Data**

# Optimising performance to achieve greener impact

## **Objectives**

- To lower our environmental impact through stringent quality and sustainability standards
- To help our customers achieve sustainability through packaging optimisation solutions that reduce cost of wrapping, product damages, road accidents, wastage & GHG emissions.

## **Our Sustainability Indicator**





## **ProtectionPlus**



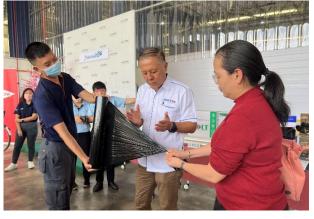
In partnership with The Dow Chemical Company, Newton organise ProtectionPlus programme. We invited brand owners, machine makers and stakeholders in the supply chain to participate our annual collaboration since FY2018.

Our most recent ProtectionPlus held on 17 March 2023 with topic "Do More with Less: 3 Pillars to Sustainability" in which we showcase 3 major plastic packaging solutions, i.e. high recycled content film focusing on post-consumer resin, thinly gauged film and biofilm.



ProtectionPlus is a platform to engage with various stakeholders in the industry and to share latest development in the industry.

Together with The Dow Chemical Company, Newton support and enhance sustainability efforts across the industry.





# ENVIRONMENTAL CLIMATE POSITIVE 1. GREEN IMPACT

# **Collaboration Helps Growth**

# Optimising synergy for greater positive green impact

# **Objectives**

- To unlock greater value through collaboration with various stakeholders.
- · To support green initiatives fighting climate change

# Our Sustainability Indicator





# **Our Membership In Associations**

As active member in a variety of industry associations, we unlock greater value through collaboration, develop closer relationship with various stakeholders and contribute to the uplifting of standard across the Malaysian business community. Our membership also enable us to stay abreast of the latest industry innovations and trends.

Association	Business Division	Our Role
Malaysian Plastic Manufacturers Association (MPMA)	Packaging	Member in Central Committee Northern Branch Chairman
Federation of Malaysian Manufacturers (FMM)	Packaging	Member
International Safe Transit Association (ISTA)	Packaging	Member
European Safe Logistics Association (EUMOS)	Packaging	Member

# **Support Green Initiatives**

The call for climate action continue to grow louder. At Thong Guan, we support organisation/agencies who share the same value to same value to develop and implement sustainable environment practices to effectively manage climate and environmental risk.

We are a member of the Climate Governance Malaysia, the Malaysian chapter of the World Economic Forum (WEF) climate governance initiative



# SUSTAINABILITY STATEMENT (Cont'd)

# Social

# Empowering our people & the communities

## **HUMAN RIGHTS PROTECTION**

## **Scope & Strategies:**

- 1. Equal Rights to Work & Education
- 2. Diversity & Inclusion

We assess & address our human rights risk & impact per internationally accepted guidelines and best practices, i.e. SMETA or its equivalent.

## **Targeted Output:**

- To improve our business practices & the working conditions in global supply chain.
- To certify our major manufacturing plants in Malaysia as Sedex members by 2025.

#### SOCIAL CONTRIBUTION

# Scope & Strategies:

- 1. CSR
- 2. Education
- 3. Underprivilege Community
- Provide aid & relief to the poor, aged, sick, old, disabled, orphans & victims of violence & abuse.
- Support & assist in the welfare of local communities.
- Support projects relating to environmental sustainability.

## **Targeted Output:**

To be an active participant in creating a sustainable and caring society.

## **HEALTH & SAFETY**

## **Scopes & Strategies:**

- 1. Business Continuity
- 2. Safe & Conducive Workplace

We benchmark our workplace safety & health practices with internationally accepted guidelines and best practices, i.e. ISO 45001:2018.

# **Targeted Output:**

To achieve 100% ISO 45001:2018 certification for all our factories by 2025.

OUR SOCIAL GOALS

## **HUMAN CAPITAL DEVELOPMENT**

# Scope & Strategies:

- 1. Employee Engagement
- 2. Talent Development
- 3. Leadership & Legacy

We invest in our workforce by providing training to our employees.

## **Targeted Output:**

- To increase training hours by 10% in FY2023 and 30% by FY2025.
- To develop a succession plan for key leadership positions to mitigate key person risk.

# **SUSTAINABILITY** STATEMENT (Cont'd)

# **SOCIAL HUMAN RIGHTS PROTECTION** 1. EQUAL RIGHTS TO WORK & EDUCATION

# **Equal Opportunities**

# Protecting our people on their rights

# **Objectives**

To continuously achieve zero incidents of unfair employment, violation of labour law, unfair harassment and unlawful discrimination practices in short term (by 2025), mid term (by 2035) and long term (by 2050)

# **Our Sustainability Indicator**



# Workplace human rights

TG respects the human rights of all its workers and supports the local communities. A primary subsidiary of TG passed the SMETA audit in 2021, followed by another subsidiary obtained SMETA accreditation in FY2022 to ensure no human rights violations across the organisation. We continue to engage with our suppliers on their commitment to addressing human rights issues.

# **Sedex Member Ethical Trade Audit** (SMETA)





SEDEX is a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in the global supply chain.

SMETA (Sedex Members Ethical Trade Audit) is the most widely used social audit globally. SMETA is Sedex's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain.

# Equal rights to work & education

Our practice is always basing employee performance on a merit system, regardless of language, culture, age, gender, ethnicity or nationality.

We provide equal training and promotion opportunities to all employees, including migrant workers. There is clear evidence of our practice with certain long service migrant workers being promoted to supervisory level.

## FY2022, we observed

- √ ZERO
- ✓ An additional subsidiary obtained SMETA accreditation in FY2022.

# **Our Policy On Human Rights Practices**

We embrace the following to ensure the rights of our employees are always respected. We do so regardless of who they are or where they come from.

- Provide a workplace free of discrimination and harassment:
- · Prohibit child labour and forced labour;
- Zero tolerance for discrimination, physical and sexual violence
- Provide fair and equitable wages, benefits and other conditions of employment per local laws
- Provide safe working conditions
- Respecting workers' right to freedom of association



Company trip included all employees regardless gender, ethnicity or nationality



# SOCIAL HUMAN RIGHTS PROTECTION 2. DIVERSITY & INCLUSION

# **Welcoming Workplace**

Embracing differences for the greater good

# **Objectives**

To continuously achieve zero incidents of unfair employment, violation of labour law, unfair harassment and unlawful discrimination practices in short term (by 2025), mid term (by 2035) and long term (by 2050)

# **Our Sustainability Indicator**



# Diverse & inclusive workplace

Diversity and inclusivity are our core focus for maintaining a sustainable workplace. We understand that by embracing people regardless of who they are, where they come from, and what they believe in, we can achieve extraordinary work results. innovation. Diversity sparks improves collaboration, makes better decisions, attracts new talents, and boosts profitability. But above all, it is our respect towards everyone as human, and we respect what they bring to the table, not who brought it.

A diverse workforce is essential for continued innovation, a growth mindset and sustained business growth.

As a diverse and inclusive organisation that continues to seek differences in opinions, viewpoints and ideas, we do not discriminate based on language, culture, age, gender or nationality and offer employees promotions and rewards based on merit.

From the outset of our recruitment activities, we demonstrate our commitment to diversity and inclusion. When we hire internally and externally, we search for a diverse pool of candidates based on individual qualities. Diversity is also a key focus in succession planning.

To grow our own cultural competencies

To seek new perspective & ideas

To treat others how they want to be treated

To observe diverse traditions, celebrations & cultural holidays

# TG'S DIVERSITY & INCLUSION FRAMEWORK

# **Our Diversity & Inclusion Framework**

We embrace employees from different ethnicities, cultures, nationalities and educational backgrounds. Our framework, comprising five core strategies, ensure the practice of diversity and inclusion throughout our organisation.

- ✓ FY2022, we observed ZERO incidents of unfair employment, violation of labour laws, unfair harassment, and child and forced labour.
- ✓ FY2022, we employed 5 employees with disabilities and 11 interns.



# SOCIAL HUMAN RIGHTS PROTECTION 2. DIVERSITY & INCLUSION

# Women Leadership

Advancing gender justice & equality for furthering economic, social and environmental progress

# **Objectives**

- To set FY2021 women leadership as the baseline benchmark
- To include women board member by FY2023
- To achieve 50% women leadership by FY2025

# **Our Sustainability Indicator**





# The power of women leadership

We know that women are powerful agents of change. The far-reaching benefits of diversity and gender parity in leadership and decision making are increasingly recognised everywhere.

In Thong Guan, we recognised people by their talents and ability to hold leadership position and not by gender. In FY2022, we have 48% (FY2021: 48%) of women in our management team. They held positions of business unit and departmental heads.

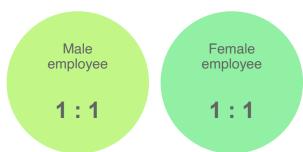
32% (FY2021: 35%) of our global workforce are female employees as at 31 Dec 2022.

# Women Leadership Distribution in TG in FY2022 Male 52% Female 48%

# **Board Diversity**

Under the Malaysian Code of Corporate Governance, the board should at least comprises 30% of women directors. Thong Guan welcomes its first female director to join TG family in FY2022 as we recognise the importance of board diversity, and board decisions should consider diverse perspectives and insights.

# Employee entry level wage to minimum wage ratio



- ✓ We have 48% (FY2021: 48%) women leaders in Thong Guan.
- We welcome our first female board director in FY2022. We will continue to include suitable women candidates in board election moving forward.



# SOCIAL HEALTH & SAFETY 1. SAFE & CONDUCIVE WORKPLACE

# **OHS System for the People**

# Ensuring our workplace is safe & conducive

# **Objectives**

- To continue to achieve zero fatality in coming years
- To facilitate employees' wellbeing through a safe and conducive workplace

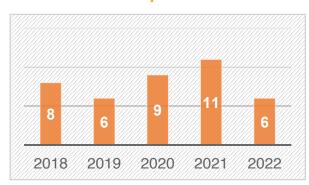
# **Our Sustainability Indicator**





Safety and health at work are paramount for our workforce and operations. We are proud to be a responsible operators maintaining our duty of care for the environment and our employees, and we routinely go beyond minimum legislative requirements. Our well-established Occupational Health and Safety (OHS) system ensures that everyone understands their responsibility in providing a safe work environment and maintaining safe and healthy habits daily within our business.

# **Number of workplace accidents**



Summary of major workplace accidents (with medical leave > 2 days) were published in our group's employee intranet to serve as a reminder to all employees on the importance of carefulness in their daily operations. Investigations were conducted to find out the root cause and allows us to take precautionary measures to prevent it in future.

# **Process safety**

In addition to prioritising workforce safety, we ensure that our plant's infrastructure and equipment are regularly maintained and tested to meet international health and safety standards. This reduces the risk of safety incidents, improves efficiencies and helps us avoid potential incidents, many of which can have significant adverse social and environmental implications.

We also provide occupational health services, including medical surveillance tests and audiometry. We outsource this work to external providers to support employees' health efforts.



Chemical Spill Response and PPE training conducted during FY2022

- ✓ Zero fatality in FY2022.
- We continue to investigate the root cause of workplace accident to prevent it in future.



# SOCIAL HUMAN CAPITAL DEVELOPMENT 1. EMPLOYEE ENGAGEMENT

# **Employee Engagement Model**

# Investing in our people

# **Objectives**

To continue investing in our workforce by attracting, developing and engaging with our employees

# **Our Sustainability Indicator**







# Benefits of highly engaged employees

Highly engaged employee are essential for our business success and help us achieve and sustain our vision. We have open door policy of which the staffs are encouraged to share their issues with superiors. Weekly meeting are held between executive directors and leaders to discuss on operational matters and to provide solution and guidance.

# **Our Employee Engagement Framework**

Our people are our most valuable assets. As such we invest heavily in our workforce. In our focus on employee engagement, we follow the guideline of our framework. The focus are on these six areas.

# People & Culture

- · Relationship with immediate supervisor/colleagues
- Corporate leadership
- · Alignment with corporate vision & mission
- Fairness & respect
- · Social & physical work environment
- · Work & family balance
- Communication

# **Corporate Reputation & Practices**

- Organisational performance & reputation
- CSR
- · Processes & systems
- Organisational changes

## **Reward & Recognition**

- Renumeration & benefits
- Job security
- Recognition

# People & Culture Reputation & **Practices** TG'S **EMPLOYEE ENGAGEMENT** Reward & **FRAMEWORK** Recognition

## Work

- Resources
- Clarity of roles & responsibilities
- Goals & targets
- Employees empowerment
   Performance feedback

## Industrial

- Rosters
- Accommodation
- **Amenities**
- Health & safety

## **Opportunities & Growth**

- · Career progression
- Training & development
- Interesting & challenging



# SOCIAL HUMAN CAPITAL DEVELOPMENT 3. LEADERSHIP & LEGACY

# **Organisational Success**

Future-proofing our workforce

# **Objectives**

To identify suitable candidates for leadership positions to mitigate key person risk

# **Our Sustainability Indicator**







Our people are our most valuable asset, and we invest heavily in our workforce. We focused on creating a strong leadership team with the right capabilities and experiences to drive our ambitions and achievements. We develop our people and reward strong performance through our career management strategies, learning and development opportunities, and access to resources.

# **Developing strong leadership**

Leaders are important to set the culture of the company.

Our corporate values and philosophy are

- Driving excellence through innovation
- · Fostering trust and confidence
- Cultivating a safer, better working world

As such, we ensure our leaders are aligned and can propagate the same cultural essence and values through their own ways.

✓ The key leadership position succession planning for each department and business unit is in development.

# Succession planning

A strong pipeline is critical to ensure sustained quality leadership and organisational success. We need a well-structured and consistent process to build a robust pipeline of competent candidates to fill the positions.

Therefore, we follow the succession planning process to identify key leadership positions to mitigate key person risk.

Identify key business areas & positions



Ascertain competencies for key areas & positions



Identify interested & potential candidates & assess them as per the competencies



Develop & implement succession strategies



Evaluate effectiveness of the succession plan



# SOCIAL HUMAN CAPITAL DEVELOPMENT 2. TALENT DEVELOPMENT

# **Opportunities & Growth**

Training & developing our people for progression

# **Objectives**

- To continue investing in our workforce by attracting, developing and engaging with our employees
- To increase training hours by 10% in FY2023 and 30% by FY2025

# **Our Sustainability Indicator**







# Attract, develop and engage

People are a company's ultimate competitive advantage. We strive to attract, develop and engage our employees because our people's success is TG's success.

## **Attracting Talent**

We continually attract qualified and talented personnel and nurture our workforce, so they are ready to take on new challenges. Our ambition is to facilitate the seamless integration of talent into the organisation and build our brand as an employer of choice.

# **Developing Talent**

We encourage employees to adopt a growth mindset where learning is ongoing. There are different ways to learn and grow, depending on the development needs and an individual's learning style.



Training conducted during FY2022

In Thong Guan, these are the learning styles we adopt.

- On the job training and learning. For example, taking on new challenges or stretched assignments
- Growth through others. For example, social and collaborative interactions and constructive feedback in a community, networks, peers, coaches and mentors
- Formal learning. For example, structured programmes and courses like training, online classes and readings

Each business unit and department need to submit an annual training plan to the human resources department to make necessary training arrangement. Employees can also discuss with their superiors to request additional training if required. We also have an education sponsorship programme for qualified employees.

We also recognised employees who have been with us through thick and thin by awarding them a long-service award.

- ✓ FY2022, we clocked 8,712 (FY:2021 4,690) structured training hours for our employees. An increase of 86% is due to training were postponed during MCO period.
- ✓ We continue our target to achieve 10% increase of training hours in FY2023 (FY 2022 as baseline).



# SOCIAL SOCIAL CONTRIBUTIONS 4. CORPORATE SOCIAL RESPONSIBILITIES

# **CSR Projects**

# Helping others during hard times Objectives

- To fund for education through monetary contributions to schools and students
- To back selective agencies for green advocacies
- To collaborate with respective partners in providing safer solutions for the people & the environment

# **Our Sustainability Indicator**







# **Contribution to society**

In FY2022, we continue to respond and support our communities through CSR activities.



# Support local talents

We sponsored local talents who achieved outstanding performance in sport competitions



# Support underprivilege community

In FY2022, we donated RM100K to Persatuan Kanak Kanak Khas Sungai Petani to repair broken school gate and replace broken furniture. We also made monetary contribution to support operating fund of the school.



# **Recycling Education Activities**

In FY2022, our staffs organised educational game at schools on how to manage plastic waste, to help children better understanding the importance of recycling and proper waste management. This helps to broaden recycling awareness among students.



# SOCIAL SOCIAL CONTRIBUTIONS 4. CORPORATE SOCIAL RESPONSIBILITIES

# **CSR Projects**

# Helping others during hard times

# **Objectives**

- To fund for education through monetary contributions to schools and students
- To back selective agencies for green advocacies
- To collaborate with respective partners in providing safer solutions for the people & the environment

# **Our Sustainability Indicator**







# **Contribution to society**

In FY2022, we continue to respond and support our communities through CSR activities.



# Support Green Truck project by MPMA & ExxonMobil

In FY2022, we supported Green Truck project launched by MPMA and ExxonMobil Chemical in Northern Malaysia. This involves a mobile recycling truck that carries out visits to demonstrating and mystifying the plastic recycling process. It create awareness of the lifecycle of plastic product beyond consumption.

# Support green initiatives

In FY2022, we sponsored the feasibility study initiated by Penang Green Council and the study is led by Resource Recycling System, Inc., a US-based consulting firm. The objective of the study is to identify effective ways to collect and recover films and flexible packaging from Penang household. This is to support Penang State's Waste Segregation at Source policy and reduce mismanaged plastic packaging.



# SUSTAINABILITY STATEMENT (Cont'd)

# Governance

# Effective, accountable & transparent

## **CORPORATE GOVERNANCE**

#### Scope:

- 1. Board of Directors
- 2. Board Diversity

#### Strategies:

Have a strategic corporate governance structure

#### **Value Creation:**

To ensure the creation and protection of shareholders' value

# SUSTAINABLE OPERATIONS Scope:

- 1. Continuous Improvement
- 2. Performance Measurement

**Strategies:** Streamline all our strategies on a growth mindset that focuses on the People, Planet & Prosperity

#### **Value Creation:**

- To be a world-class sustainable plastic packaging manufacturer
- To double the group's revenue to RM 2 billion by FY2027

## **ETHICS & TRANSPARENCY**

#### Scope:

- 1. Business Conduct
- 2. Communication
- 3. Compliance
- 4. Anti-Corruption

# Strategies:

OUR GOVERNANCE

**GOALS** 

Clearly defined process and procedures, Training and education, Open communication, Third party accreditation

## **Value Creation:**

To build trust and confidence among stakeholders

## **DIGITALISATION**

# Scope:

- 1. Automation
- 2. Efficiency
- 3. Timeliness

**Strategies:** Invest in technology and operational infrastructure

# **Value Creation:**

- To build a culture of excellence that meet our stakeholders' needs and expectation
- To create an environment that supports employees' personal and professional development
- To encourage continuous learning





# GOVERNANCE CORPORATE GOVERNANCE

# **Board of Directors**

Leveraging on the invaluable assets of a strong & effective Board of Directors

Our Sustainability Indicator

# **Objectives**

To have a good mix of committed board directors who are experienced & independent to provide corporate's oversight.

Good corporate governance creates a conducive business environment for long-term growth. Our efforts are underpinned by a board of directors elected to represent shareholders in providing strategic and independent oversight for the corporation's affairs, including corporate management, activities, policies, and more.

# **Board of Directors**

In 2022, the Board comprised eight directors who met on four occasions, during which they approved the company's financial statements. The Board receives updates and reviews from internal and external experts on issues of importance to the company.

# Sustainability governance

Sustainability-related topics fall under the purview of the executive committee, assisted by the risk management task force. Our executive director represents the executive committee in reporting the sustainability-related matters to the Board of Directors.

We led our sustainability framework from the top-down, and each level of our organisation holds its respective responsibilities.

#### **Board of Directors**

- Review the Group's sustainability matters and ensure business strategy considers sustainability; and
- Provide advice and direction of sustainability in the Group when necessary.

Thong Guan's Board of Directors
Distribution

Independent Directors
50%

Executive Directors
50%

# Management/ Risk Management Task Force

- Responsible for assessing and identifying material sustainability factors;
- Develop sustainability strategy and recommendation, and regular revision is in place:
- Undertake actions necessary to address sustainability concerns; and
- Oversees operating divisions in ensuring the robustness of the system of sustainability management.

## **Operating Division**

- Support strategy implementation developed by the management to ensure sustainability objective is achieved;
- Ensure sustainability processes and controls are in place within its departments/ functions; and
- Review and feedback on all measurements for improvement.
- ✓ 100% independent directors on audit, nominating & renumeration committee

√ 100% board meeting attendance



# **GOVERNANCE ETHICS & TRANSPARENCY**

# **Business Code of Conduct**

# Building deep trust among stakeholders of the company

## **Objectives**

 To set ethical conduct expectations to all our stakeholders in ensuring fair business dealings

# **Our Sustainability Indicator**



# **Ethics & transparency**

Thong Guan strives to uphold high ethical standards in all aspects of our business. Our **Business Ethics and Code of Conduct** set the ethical conduct expectation for our Group.

Thong Guan encourages employees and contractors to ask questions, voice concerns and report any alleged violations of company policies.

In addition to our open-door communication culture, we have the Whistleblowing Policy, providing an independent channel to offer more accessible. secure. confidential We reporting. respect confidentiality, subject to legal requirements, and strictly prohibit retaliation against any employee for submitting concerns—audit Committee reviews reports of suspected violations concerning ethics and management integrity.

Our audit committee, comprising three independent directors, oversees accounting and internal control matters for the company, including compliance with legal and regulatory requirements. Thong Guan conducts quarterly internal audits and self-assessments to verify the effectiveness of our control system.

# **Anti bribery & corruption**

In FY2022, we continue to review and update our risk analysis in relation to anti bribery and corruption. Anti-corruption training was carried out in FY2022. Below is our anti-corruption and anti bribery data for FY2020, FY2021 & FY2022.

Financial year	2020	2021	2022
Number of corruption and bribery case	0	0	0
Political contribution made	0	0	0
Facilities payment made	0	0	0
Fines imposed in relation to corruption, bribery	0	0	0

✓ ZERO corruption & bribery cases, political contribution, facilities payment, and fines imposed in relation to corruption and bribery.



# GOVERNANCE DIGITALISATION

# **Digital Transformation**

# Improving efficiency, transparency & speed

# **Objectives**

- To transform our internal processes, operations and systems into the digital age
- To enhance the timeliness of data update & transparency of our data recording system

# **Our Sustainability Indicator**





## **INTERNAL FACTORS**

- Strategy
- · Risk Management
- · Organisational Culture
- Transparency
- · Production Operations
- · Waste Management

#### **EXTERNAL FACTORS**

- Industry
- · Supply Chain
- Customer
- Globalisation
- Demography

# **Digital transformation**

Digitalisation in business helps us improve our operations' efficiency, making automation possible. It also helps us reduce human errors and operational costs.

We digitalised our production processes, including implementing Manufacturing Execution System (MES), a computerized system used in manufacturing to track and document the transformation of raw materials to finished goods.

In 2022, we upgraded procurement & payable system with Robotic Process Automation (RPA) and Supplier Relationship Management (SRM) to promote timeliness and update of data and enhance the transparency of our data recording system. It also helps in reducing paper consumption in our supply chain.

In 2023, we continue to focus on increasing automation and digitalisation in our infrastructure.

- ✓ Implemented Manufacturing Execution System (MES) to track and document the transformation of raw materials to finished goods.
- ✓ Upgraded procurement & payable system with RPA and SRM.



# **SUSTAINABILITY** STATEMENT (Cont'd)

# **GOVERNANCE SUSTAINABLE OPERATIONS**

# Continuous Improvements

Ensuring our business thrive for the people, environment & economy

# **Objectives**

To continue inculcating a growth mindset towards the growth of the company focusing on the People, Planet & Prosperity for the company's sustainability

## **Our Sustainability Indicator**





# **SOM & strategies**

Our Sustainable Operations Management (SOM) drives the operational strategies of the company. They cover the procedures, processes, practices and systems we have initiated, created and delivered. In which are profitable for our business using the resources at our disposal while taking preservation of the nature and social environment into account.

It is a celebratory ending of 2022 with two significant awards for our journey. Receiving the Sustainability Rising Star Award at the ACES Awards 2022 was an achievement close to our hearts. It is an honour to be recognised as the Group actioning solutions to sustainability challenges.



We have also joined the ranks of Malaysia's finest exporters. We were recognised as one of the Top Exporters of Industrial Products (Mid-Tier and Large Companies) as the Export Excellence Awards 2022 by The Star.



- ✓ Our company recorded an increase in revenue by 14.1% and PAT increase by 3.7%.
- shareholders (total RM 23.4 M) to shareholders.
- ✓ Paid RM 14.3 M tax to support the development of the countries where we operate.
- Thong Guan received two significant awards, Sustainability Rising Star Award at the ACES Awards 2022 and The Star Export Excellence Awards.

SUSTAINABILITY
STATEMENT (Cont'd)



Sustainability is a matter of survival for our company. That way, we can create a massive impact.



The Board of Directors ("the Board") of Thong Guan Industries Berhad ("the Company") is committed to maintain good corporate governance throughout the group in its effort to ensure long-term sustainable growth and to safeguard, protect and enhance shareholders' value.

The Corporate Governance Overview Statement sets out how the Company and its subsidiaries ("the Group") has applied the Principles and Practices and the approach the Board will take to steer the Group to apply such Principles and Practices as prescribed by the Malaysian Code on Corporate Governance (MCCG 2021).

#### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

The Board takes full responsibilities for the overall performance of the Group by providing leadership and direction as well as management supervision. As a whole, the Board is the ultimate decision making body. Further to its legal responsibilities, the Board assumes full responsibility for the Group's strategic direction, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group's internal control systems and management information systems, establishing goals for management and monitoring the achievement of these goals.

There is a clear separate division of responsibility of the role and duties of Chairman and Managing Director. Chairman of the Board is responsible for leading the Board and oversee the Board in the effective discharge of its supervisory role and facilitate effective contribution of all members of the Board during meetings. Managing Director is responsible for the vision and strategic direction of the Group.

The Board has established 3 Board Committees ('Committees') to assist in the performance of its stewardship duties under specific terms of reference ("TOR"). The Committees established are the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). These Committees comprised of all Independent Non-Executive Directors ("INEDs"). The composition of the Board and Board Committees are more particularly described under Board composition. The TOR for 3 Board Committees are available on the corporate website at www.thongguan.com.

All decisions and deliberations at Committee level are documented by the Company Secretary in the minutes of meetings. The Chairman of the respective Board Committees reports on the outcome and recommendations of the Board Committee meetings to the Board for further deliberation and approval. Such reporting and ensuing deliberation, if any, is detailed in the minutes of Board meeting. The Committees' function is to principally assist the Board in the execution of its duties and responsibilities to enhance operational and business efficiency and efficacy. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and enhance its efficacy.

The Board has responsibilities which are discharged in the best interests of the Company in pursuance of its regulatory and commercial objective. The key responsibilities of the Board include:

a) Reviewing and adopting the Group's Strategic plans

The Board is collectively responsible for oversight and overall management of the Group. The Executive Directors are normally involved in the deliberation of the overall Group strategy and direction, major acquisition and/or divestment, approval of major capital expenditure, consideration of significant financial matters and review of financial and operating performance of the Group.

b) Overseeing the conduct of the Group's business

The Executive Directors are responsible for the day-to-day operational management of the Group, implementing the policies and decisions of the Board, overseeing business operations as well as coordinating the development and implementation of business and corporate strategies. On the other hand, the INEDs do not engage in the daily management of the Group. Their presence bring objectivity and independence to any evaluation of strategic performance or resources related issues. In this manner, the INEDs fulfil a crucial corporate accountability role as they provide independent and objective views, opinions and judgment on issues being deliberated.

The Board is of the opinion that the Managing Director, with the assistance and support from the Executive Directors and key management, is responsible for the day-to-day operations of the Group and represents Management to the Board.

c) Identifying principal risks and ensuring the implementation of appropriate systems to manage them

The management, with the assistance from the Internal Audit ("IA"), has implemented the Enterprise Risk Management processes and formed a Risk Management Committee to identify, assess and monitor risks impacting the Group's business and supporting activities. The details of the risk management are set out in the Statement on Risk Management and Internal Control ("SORMIC") of this Annual Report.



#### I. Board Responsibilities (Cont'd)

#### d) Succession planning

The management, as guided by the Managing Director, is responsible for ensuring that there is effective and orderly succession planning in the Company at all levels.

e) Reviewing the adequacy and integrity of the management information and internal control system of the Company.

The Board acknowledges its responsibilities for the adequacy and integrity of the Groups' internal control system. Details pertaining to the Groups' internal control system and its effectiveness are available in the SORMIC of this Annual Report 2022.

The Chairman ensures that all Directors have full access to information with Board papers and agendas on matters requiring the Board's consideration issued with appropriate notice in advance of each meeting to enable Directors to obtain further explanations from the Managing Director or his management team, where necessary, in order to be briefed properly before the meetings. Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Management is invited to provide Directors with updates on business and operational matters or clarify items tabled to the Board. Verbal explanation and briefings are also provided by management to enhance understanding of the matters under discussions.

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

#### II. Sustainability Risks and Opportunities

#### a) Sustainability Governance Structure

The Board is responsible to embed sustainability in the Group's strategy and operations. The Board is assisted by the executive director and executive committee who oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. The Sustainability Governance Structure can be found in the Sustainability Statement on page 51 of this Annual Report. The executive committee provides leadership, direction and targets for the sustainability priorities of the Group. The Sustainability Officer drives the implementation of the priorities and tracks relevant measurements and targets.

#### b) Key Sustainability Matters

In order to ensure the Board is kept abreast with and understand sustainability issues related to the Group's business and operations, Management had presented to the Board key sustainability matters, including climate-related risks and opportunities.

## c) Stakeholder Engagement

The Group's key sustainability matters are communicated through Thong Guan's website, and targeted engagements with customers, vendors, relevant authorities and community leaders. Multiple engagements are also done with internal stakeholders who are responsible for driving and executing the sustainability initiatives. The Group's key sustainability matters and performance for the financial year under review are reported in the Sustainability Statement on pages 14 to 54 of this Annual Report.

## III. Board Composition

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### **Board Composition (Cont'd)**

The Board comprised 8 Directors of which half of the Board are INEDs as at the date of this Annual Report 2022 as follows:-

**Independent Non-Executive Chairman** DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin

**Managing Director** Dato' Ang Poon Chuan **Executive Directors** Dato' Ang Poon Khim Datuk Ang Poon Seong

Ang See Ming

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

Lee Kean Teong (Appointed on 28 November 2022) Teoh Mei Shean (Appointed on 28 November 2022)

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

On 29 August 2022, Mr. Chow Hon Piew and Dato' Kang Pang Kiang retired from the Board, as well as from the Audit, Remuneration, and Nominating Committees. In compliance with para 15.02 of the MMLR, the Board appointed Mr. Lee Kean Teong and Ms. Teoh Mei Shean as INEDs on 28 November 2022 to fill the vacancies. Prior to the appointment, the Group performed the necessary assessment in accordance with its Directors' Fit & Proper Policy for the appointment of Board members.

The Board does not adopt a policy which limits the tenure of INEDs to nine years without further extension. However it is the company's practice that INEDs only serve up to maximum 9 years. The Company has no INED serves beyond 9 years currently.

## **Nominating Committee (NC)**

The principal Board function of making recommendations for new appointment to the Board and Board Committees is delegated to the NC.

Currently, the NC consists entirely of INEDs as tabulated:

Name	Position	
Teoh Mei Shean (Appointed on 28 November 2022) Tengku Muzzammil Bin Tengku Makram (Appointed on 28 November 2022) Lee Kean Teong (Appointed on 28 November 2022)	Chairman Member Member	

The NC's mandate expressed through its TOR and Directors' Fit & Proper Policy is to bring to the Board; recommendations on the appointment of new Directors, review of the Board structure, size, composition as well as systematic assessment of the effectiveness and contribution of the Board, its Committees, and individual Directors on an annual basis. The NC is empowered to seek professional advice within or outside the Group as it deem necessary to discharge its responsibilities.

During the financial year ended 31 December 2022, the NC met on two (2) occasion and resolved the following key activities:-

- Reviewed the current board structure, size and composition,
- b) Conducted the annual assessment of the Directors and Committees,
- Reviewed the level of independence of INEDs;
- c) d) Reviewed the term of office and performance of AC;
- Reviewed and recommended for approval of Fit and Proper policy to Board; and e)
- Recommended the re-appointment, re-election and retention of Directors.

The NC also systematically reviews the required mix of skills, experience and other qualities, including core competencies of the members of the Board on an annual basis. The assessment also considered the qualifications, contributions and performance of Directors in meeting the needs of the Group based on the criteria of competency, character, time commitment, integrity and experience as set out under paragraph 2.20A of the MMLR.

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



#### IV. Nominating Committee (NC) (Cont'd)

The Board acknowledges the recommendation of the policy on gender diversity. However, the Board has yet to establish a specific policy on gender diversity. The Board believes it is not necessary to adopt a formal gender diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group. The evaluation of the suitability of candidate is based on the candidate's competency, character, time commitment, integrity, performance and experience to bring value and expertise to the Board. The Board acknowledges the benefits of having participation of woman director on the Board in term of providing different perspectives and insights for effective decision making. The Board appointed a woman director during the financial year in compliance para 15.02 of the MMLR.

The NC met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's Annual General Meeting ("AGM"). New appointees will be considered and evaluated by the NC before recommending the candidates to be approved and appointed by the Board. During FY2022, Mr. Lee Kean Teong and Ms. Teoh Mei Shean were appointed by the Board as there was no NC following retirement of former member of NC. The Company secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The directors who are subject to re-election and/or re-appointment at the next AGM are assessed by the NC and upon satisfactory evaluation of the Directors, be recommended to the Board and shareholders for re-election and/or re-appointment. The statement for justification of re-election of Director have been disclosed in the notice of AGM. Appropriate assessment and recommendation by the NC is based on the annual assessment conducted. The Constitution of the Company requires that all Directors shall be subjected to re-election by shareholders at the first opportunity after their appointment and at least one third (1/3) or the number nearest to one third (1/3) of the Directors, thereafter by rotation at least once in every three (3) years at the AGM.

#### V. Remuneration Committee (RC)

The RC currently comprised the following:

Name	Position
Tengku Muzzammil Bin Tengku Makram (Appointed on 28 November 2022)	Chairman
Teoh Mei Shean (Appointed on 28 November 2022)	Member
Lee Kean Teong (Appointed on 28 November 2022)	Member

The RC consists of three members, whom are INEDs. The RC met once during the financial year with the full attendance by all members of the RC. The adoption of remuneration packages for the Executive Directors, however, is a matter for the Board as a whole, with individual Directors abstaining from decision making in respect of his remuneration package.

The RC is authorised, inter-alia, to recommend to the Board the remuneration packages for the Executive Directors of the Company and set up a broad policy or framework for all elements of remuneration for the Directors.

The remuneration of the Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them as well as the onerous responsibilities and challenges in discharging their fiduciary duties. Non-Executive Directors are paid fixed annual fees and allowances as members of the Board and Board Committees. The Directors' fees and benefits payable are approved annually by the shareholders of the Company.

The aggregate remuneration, with categorisation into appropriate components and distinguishing between Executive and Non-Executive Directors, paid or payable to all Directors of the Company for the financial year ended 31 December 2022 is as follows:

	Salaries (RM'000)	Bonus, Other Allowance, Benefit in Kind & ESOS (RM'000)	EPF Contribution by Employer (RM'000)	Fees (RM'000)	Total (RM'000)
Company					
Executive Directors					
Dato' Ang Poon Chuan		114		40	154
Dato' Ang Poon Khim		99		40	139
Datuk Ang Poon Seong		99		40	139
Ang See Ming	180	155	27	40	402



## V. Remuneration Committee (Cont'd)

	Salarios	Bonus, Other Allowance, Benefit in Kind & ESOS	EPF Contribution by Employer	Fees	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Company					
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		155		40	195
Tengku Muzzammil Bin Tengku Makram		47		40	87
Lee Kean Teong (Appointed on 28 November 2022)		1		3	4
Teoh Mei Shean (Appointed on 28 November 2022)		1		3	4
Chow Hon Piew (Retired on 29 August 2022)		9		27	36
Dato' Kang Pang Kiang (Retired on 29 August 2022)		9		27	36
Total	180	689	27	300	1,196
Group					
Executive Directors					
Dato' Ang Poon Chuan	1,047	510	57	124	1,738
Dato' Ang Poon Khim	999	484	55	126	1,664
Datuk Ang Poon Seong	468	162	22	88	740
Ang See Ming	497	264	77	102	940
Non-Executive Directors					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		155		40	195
Tengku Muzzammil Bin Tengku Makram		47		40	87
Lee Kean Teong (Appointed on 28 November 2022)		1		3	4
Teoh Mei Shean (Appointed on 28 November 2022)		1		3	4
Chow Hon Piew (Retired on 29 August 2022)		9		27	36
Dato' Kang Pang Kiang (Retired on 29 August 2022)		9		27	36
	3,011	1,642	211	580	5,444

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

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



#### VI. Foster Commitment

The Board normally meets at least 4 times annually at quarterly intervals. Under exceptional circumstances owing to urgent and important issues at hand, additional meetings are convened between the scheduled meetings with sufficient notices given.

During the year under review, the Board held 4 meetings to deliberate and decide on various issues. The major deliberation, in terms of issues discussed and the conclusion arrived by the Board during the meetings, are recorded by the Company Secretary with the minutes signed by the Chairman of these meetings.

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

			Committees	•
	Board	Audit	Nominating	Remuneration
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	4/4	-	-	-
Tengku Muzzammil Bin Tengku Makram <sup>4</sup>	4/4	3/3	-	-
Dato' Ang Poon Chuan	4/4	-	-	-
Dato' Ang Poon Khim	4/4	-	-	-
Datuk Ang Poon Seong	4/4	-	-	-
Ang See Ming	4/4	-	-	-
Lee Kean Teong <sup>2</sup>	-	-	-	-
Teoh Mei Shean <sup>3</sup>	-	-	-	-
Chow Hon Piew <sup>1</sup>	3/3	3/3	2/2	1/1
Dato' Kang Pang Kiang <sup>1</sup>	3/3	3/3	2/2	1/1

#### Notes:

All Board members met the minimum percentage required for Board meeting attendance as prescribed under MMLR of Bursa Securities during the period under review.

- <sup>1</sup> Retired from the Board on 29 August 2022
- <sup>2</sup> Appointed as INEDs and Chairman of Audit Committee, member of Nominating and Remuneration Committees on 28 November 2022
- <sup>3</sup> Appointed as INEDs and Chairman of Nominating Committee, member of Audit and Remuneration Committees on 28 November 2022
- <sup>4</sup> Appointed as Chairman of Remuneration Committee and member of Nominating Committee on 28 November 2022

#### VII. Director Training

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. The Company Secretary circulates relevant guideline to update the Directors on statutory and regulatory requirements and changes from time to time. Internal briefings were also conducted for the Directors on key corporate governance developments and salient changes to the MMLR.

Pursuant to para 15.08(2) and Appendix 9C (Part A, para 28) of MMLR, some of the Directors had, during the year under review, attended or received the following briefing, training programs, seminars and international trade exhibition:-

Areas	Seminar / Programs / Trade exhibition	Director attended
Production/Plastic	• K 2022	Dato' Ang Poon Khim     Ang See Ming
	Rethink Film Design: An Introduction to new Exceed S from ExxonMobil	Dato' Ang Poon Chuan     Dato' Ang Poon Khim



#### VII. Director Training (Cont'd)

Areas	Seminar / Programs / Trade exhibition	Director attended
Production/Plastic	• EMPS Chemicals - PE Customer Event 2022	<ul><li>Dato' Ang Poon Chuan</li><li>Dato' Ang Poon Khim</li><li>Ang See Ming</li></ul>
Management	Chief Executive Programme	Ang See Ming
	Leadership Program by Beyond Success	Dato' Ang Poon Khim
Corporate Governance	Audit Oversight Board's Conversation with Audit Committees	Tengku Muzzammil Bin Tengku Makram
	Update from Secretary: Amendments to Main Market Listing Requirement (MMLR): Enhanced Sustainability Disclosure	<ul> <li>DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin</li> <li>Tengku Muzzammil Bin Tengku Makram</li> <li>Dato' Ang Poon Chuan</li> <li>Dato' Ang Poon Khim</li> <li>Datuk Ang Poon Seong</li> <li>Ang See Ming</li> </ul>

All Directors have complied with the provision of MMLR in relation to Mandatory Accreditation Program.

#### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

## I. Audit Committee

The AC of the Company comprises three (3) INEDs. The AC is chaired by Mr. Lee Kean Teong. He is not the Chairman of the Board. He is former audit partner in the KPMG PLT audit firm and retired on 31 December 2014. There is no policy to require a person who is a former key audit partner observe a cooling-off period of at least 3 years before being appointed a member of the AC. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the criteria as prescribed under Paragraph 15.21 of the MMLR as well as the External Auditor Assessment Policy adopted by the Company.

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

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

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

## II. Risk Management and Internal Control Framework

In general, all major projects, investment and capital expenditure initiatives will be conducted a feasibility study and reviewed by the management and executive directors. The confirmed major projects, investment and capital expenditure will then presented to the Board for endorsement. An overview of the state and feature of the internal controls and risk management within the Group is spelt out in this Annual Report under Statement on Risk Management and Internal Control.

The Group has established a management level Risk Management Committee ("RMC"). The RMC is led by an executive director as the Chief Risk Officer and populated by head of the various reporting entities. The RMC undertakes annual risk review in the Group's businesses and operations. The AC will report to the Board on exception only basis if there are any changes in the risk identified. Details on the internal audit function are discussed under SORMIC in Annual Report 2022.



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

The Board acknowledges the need and importance of ensuring dissemination of information to shareholders, investors and regulatory bodies. The Board peruses through and approves all announcements prior to the release of the same to Bursa Securities. At the same time, the Board will take reasonable steps to ensure that the public and investors who invest in the Company's securities enjoy equal access to such information to avoid selective disclosure.

The Company's website, www.thongguan.com, provides an avenue for information dissemination with dedicated sections on corporate information including announcements to Bursa Securities, financial information, press releases and news and events related to the Group. Any queries or concerns regarding the Group may be directed to the Investor Relations Department via the email address: info@thongguan.com.

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

The AGM provides a platform for the Board to dialogue and interact with shareholders where individual shareholders and investors may seek clarifications on the Group's businesses, performance and prospects. The notices of the general meetings are sent to shareholders and auditor. The notices are also published in a national newspaper and released through Bursa Securities for public dissemination. Members of the Board attend the AGM to answer queries and concerns from the shareholders. All suggestions and comments put forth by shareholders will be noted by the Board for consideration.

The general meetings are useful forums for shareholders to engage directly with the Board and senior management. The shareholders are at liberty to raise questions or seek clarification on the agenda of the meeting from the Board and the senior management.

The Chairman of the meeting had at the last 27<sup>th</sup> AGM of the Company expressed that every member present virtually at the AGM either in person, or by proxy or corporate representative has the right to participate, ask question and vote on the resolutions as stated in the notice of AGM. During the AGM, shareholders posed questions in the question and answer icon. Question of similar nature raised by shareholders had been grouped together for a more structure response from Board. The minutes of AGM were then posted on its website.

In line with the provision of the MMLR of Bursa Securities, the Board conducts poll voting for all the resolutions set out in the notice of general meetings. In addition, the Company will appoint one (1) scrutineer to validate the votes cast at the general meetings. The outcome of the general meetings is to be announced to the Bursa Securities on the same day after the meetings are concluded with the announcement made accessible via Bursa Securities and the Company's website.

The Board recognises the need for shareholders to be kept updated with all material business matters affecting the Group. Shareholders are provided with an overview of the Group's performance and operations through timely release of financial results on yearly and quarterly basis as well as various other announcements.

Further, in a move to promote wider publicity and dissemination of public information, the Group will issue press releases to the media on significant corporate developments and business initiatives to keep the investment community and shareholders updated on the progress and development of the Group.

## **Directors' Responsibility Statement**

The Board is responsible to ensure that the financial statements of the Group and Company gives a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flows as at the end of the financial year. The Directors have ensured that the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016.

The Director have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates in preparing the financial statements. A general responsibility of the Directors is to take such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### Compliance with the Principles and Practices of the MCCG

For the year ended 31 December 2022 and up to the date of the printing of this annual report, the Group has complied substantially with the principles and practices of the MCCG in so far as applicable and described herein.

This CG Overview Statement was approved by the Board of Directors on 28 April 2023.



## **AUDIT AND NON-AUDIT FEE**

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2022 is as follows:-

		Fee (RM	
Тур	pe of Audit	Company	Group
a)	Audit fee	50	385
b)	Non Audit fee	80	134

#### RECURRENT RELATED PARTY TRANSACTION

Detail of recurrent related party transaction made during the financial year ended 31 December 2022 pursuant to the shareholders' mandate obtained by the company at the AGM were as follow:

Nature of Transactions	Name of Company	Related Party	Interested Directors	Cumulative Value of Transactions as at 31.12.22 RM'000
Sales of plastic products (plastic bag, stretch film, shrink film, laminated film and etc)	UPI (Seller)	KFI (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	2,200
Sales of plastic products	TGSH (Seller)	TGPM, TGPP, UPI, TGPT (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	4,445
Purchase of plastic products	TGPP, TGPW, TGPT (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim Ang See Ming	32,657
Purchase of snack food	JUS (Buyer)	KFI (Seller)	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	10,766
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kawasan Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah.	TGPP (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	235
Renting of factory premise at No.24 (DBKK Building No.6), District of Kota Kinabalu, Sabah.	UPI (Tenant)	KP (Landlord)	Datuk Ang Poon Seong	80
Renting of factory and warehouse premise at Plot 33, Jalan PKNK Utama, Kawasan Perusahaan Sg. Petani, Kedah.	EFI (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	134
Sales of noodle products	STGT (Buyer)	EFI (Seller)	Ang See Ming	508
Purchase of beverages and plastic products	STGT (Seller)	EFI (Buyer)	Ang See Ming	22
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kawasan Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah.	TGPT (Tenant)	BV (Landlord)	Dato' Ang Poon Chuan Ang See Ming	622
Sales of PVC products	STGT, TGPT, JUS (Buyer)	TGPW (Seller)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	2,773



# RECURRENT RELATED PARTY TRANSACTION (Cont'd)

Nature of Transactions	Name of Company	Related Party	Interested Directors	Cumulative Value of Transactions as at 31.12.22 RM'000
Purchase of plastic products	TGWPP (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	257
Renting of factory and warehouse premise at Batu 33, Jalan Sg. Petani ke Sungai Lalang, Sungai Lalang 08100, Kedah.	TGPP (Landlord)	TGPW (Tenant)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	780
Purchase of plastic products	TGWPP (Seller)	Winner (Buyer)	Ng Chiu Bun	49,631
Purchase of plastic products	TGWPP (Seller)	Landblue (Buyer)	Ng Chiu Bun	4,072
Sales of plastic products	TGWPP (Buyer)	Landblue (Seller)	Ng Chiu Bun	1,636
Sales of PVC Products	TGTT (Buyer)	TGPW (Seller)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	4,680
Bounty Values Sdn Bhd Everprosper Food Industries Sdn Bhd Jaya Uni'ang (Sabah) Sdn Bhd Kimanis Food Industries Sdn Bhd Kimanis Property Sdn Bhd Syarikat Thong Guan Trading Sdn Bhd TG Power Wrap Sdn Bhd TGP Marketing Sdn Bhd TGSH Plastic Industries Sdn Bhd Thong Guan Plastic & Paper Industries Sdn Bhd TG Plastic Technologies Sdn Bhd Uniang Plastic Industries (Sabah) Sdn Bhd TGW Plastic Packaging Sdn Bhd Winner Bright International Industrial Limited Landblue Co. Ltd Thong Guan Trading (Thailand) Co., Ltd.	BV EFI JUS KFI KP STGT TGPW TGPM TGSH TGPP TGPT UPI TGWPP Winner Landblue TGTT			

## **Material Contract**

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

#### INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, the Board of Directors ("the Board") of listed companies is required to include in its Company's Annual Report a statement about the state of the internal controls of the listed issuer as a group. The Board is pleased to provide the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2022.

#### **RESPONSIBILITY**

The management takes full responsibility for the Group's internal control system, which involves creating a robust control environment and suitable framework for internal control, as well as regularly assessing its adequacy and integrity. The Board recognizes that no internal control system can eliminate all potential risks, but it is designed to manage them effectively. As such, the system provides reasonable assurance against any significant misstatement, loss, or fraud, rather than absolute certainty. The internal control system encompasses financial, organizational, operational, compliance controls, and risk management.

#### ORGANISATIONAL AND REPORTING STRUCTURE

The Group's organizational structure boasts well-defined lines of responsibility and delegation of authority. It employs a hierarchical reporting system that establishes appropriate authority limits and ensures proper segregation of duties. The Group conducts annual budgeting and monthly reporting of variances between actual and budgeted results to facilitate corrective actions. Additionally, human resource management policies are in place to support the efficient functioning of the Group. Standard operating procedures of the main operating companies provide guidance on complying with risk management, internal controls, and pertinent laws and regulations.

#### **RISK MANAGEMENT FRAMEWORK**

The management has implemented an Enterprise Risk Management (ERM) Framework to identify, evaluate, and manage risks. To achieve this, a Risk Management Task Force (RMTF) was established, which is responsible for identifying risks within the Group. The Board, through its Audit Committee, conducts quarterly reviews of this process. The primary goal of this review is to institutionalize a risk management process across the Group, sensitizing all employees to risk identification, evaluation, monitoring, and reporting. The formalization of the ERM framework encompasses the following activities:

- To update the risk profiles of main operating companies in the Group according to the ERM framework; and
- The Group conducts risk-based internal audits, which are subject to review by both the Audit Committee and the Board to ensure the adequacy and integrity of the internal control system.

#### **INTERNAL AUDIT FUNCTION**

The Internal Audit function is outsourced to an independent professional accounting and consulting firm, PKF Risk Management Sdn Bhd that reports directly to the Audit Committee ("AC"). Its role is to provide the AC with reasonable assurance on the adequacy and effectiveness of the Group's internal control system through its auditing and monitoring process. An annual Audit Plan is prepared and presented to the AC for approval. Subsequently at AC meetings, audit findings will be presented to the AC for attention and deliberation.

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

- Mapping out the current state of procedures and processes with the aim of identifying areas for improvements.
- Testing and conducting audits on identified risk areas and relevant controls.
- Report findings and irregularities (if any) to Management and AC and provide recommendations to mitigate the risks identified.
- Ensuring compliance with applicable laws, regulations, rules, directives and guidelines by the various authorities and those set out by the Management.

The management has provided their responses to the internal audit reports, which encompass recommendations and action plans. These reports are deliberated at AC Meetings and followed-up as required. The auditee/management guarantees that all action plans from each audit are addressed, and progress updates are shared at subsequent AC Meetings to maintain accountability and transparency.

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

#### **OTHER RISK AND CONTROL PROCESSES**

- The Group's policies and standard operating procedures establish the guidelines, procedures, and benchmarks for the Group's operations, to be adhered to by all employees. To ensure their continued effectiveness, these policies and procedures undergo periodic review and updates, as necessary. This approach enables the Group's operations to be conducted in a consistent and reliable manner, resulting in efficiency and consistency.
- The Board and AC review the quarterly financial results and discuss the reasons for unusual variances noted thereof.
- The involvement of the Executive Directors, who are hands-on with the operations of the Group. The Executive Directors brief the Board on significant changes in the business and external environment, which affect the operations of the Group at large.
- The Group has in place a Management Reporting mechanism whereby financial information is generated and reviewed by Executive Directors on a monthly basis and the Board on a quarterly basis.
- The Group sets out an annual budget and operational targets for every operating division. Analysis and reporting of variances against budget are presented in the Group's Management Meetings which act as a monitoring mechanism.
- The Group is steadfast in its commitment to foster a robust culture of integrity and ethical values, as highlighted in the Business Ethics and Code of Conduct. This unwavering dedication ensures that the Group's actions and decisions are grounded in ethical principles, fostering trust, respect, and transparency with all stakeholders.
- The Group has implemented a whistleblowing policy, empowering, encouraging and supporting its employees and third parties to report and disclose any illicit or unethical activities within the organization. The Group is steadfast in its commitment to investigate all suspected cases of misconduct or breaches reported, while ensuring the protection of whistle-blowers who come forward to disclose such activities. This approach fosters a culture of accountability and transparency, safeguarding the Group's reputation and maintaining stakeholders' trust.
- The Group has embraced a resolute zero-tolerance stance towards any form of bribery and corruption. The Group's unwavering commitment is to conduct its business with ethics and integrity, free from any corrupt practices. To this end, the Group has established an anti-bribery and anti-corruption policy that prohibits all such activities, ensuring that the high standards of integrity and transparency are upheld at all times. This approach serves as a testament to the Group's dedication to conducting business in a responsible and ethical manner, earning the trust and respect of stakeholders.
- Certain major subsidiaries of the Group have successfully maintained their management systems that are compliant with the three (3) international standards, namely the ISO 9001-QMS, ISO14001-EMS & ISO45001-Health & Safety.

#### **RISK MANAGEMENT ASSURANCE**

The Board has received affirmative assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is functioning optimally and effectively in all significant aspects, anchored on the Group's risk management and internal control system.

Furthermore, both the Board and Management remain steadfast in their commitment to operating a robust system of internal control, which is reviewed, enhanced and updated in response to changes in the operating environment. This proactive approach ensures the Group's continued success, safeguards against potential risks and maintains the trust of all stakeholders.

#### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issues, or
- b) is factually inaccurate.

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

#### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS (Cont'd)

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement on Risk Management and Internal Control does not cover the associates as disclosed in Note 6 to the financial statements.

#### CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board is confident that the Group's risk management and internal control system is adequate, dependable and effective. To date, no significant losses, contingencies, or uncertainties have arisen due to any insufficiencies or failures in the Group's internal control system, necessitating separate disclosure in the Group's Annual Report.

This statement was approved via a resolution of the Board dated 28 April 2023.



#### **AUDIT COMMITTEE COMPOSITION AND ATTENDANCE**

The Board of Directors ("Board") is pleased to present the Audit Committee report for the financial year ended 31 December 2022 ("FY2022"). The Audit Committee ("AC") currently comprises the following directors:-

Directors	Position	Attendance
Lee Kean Teong (Appointed on 28 November 2022)	Chairman, Independent Non-Executive Director	-
Tengku Muzzammil Bin Tengku Makram	Member, Independent Non-Executive Director	3/3
Teoh Mei Shean (Appointed on 28 November 2022)	Member, Independent Non-Executive Director	-
Chow Hon Piew (Retired on 29 August 2022)	Chairman, Independent Non-Executive Director	3/3
Dato' Kang Pang Kiang (Retired on 29 August 2022)	Member, Independent Non-Executive Director	3/3

The AC 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.

On 28 November 2022, Mr. Lee Kean Teong and Ms. Teoh Mei Shean had been appointed by the Board as new Independent Non-Executive Directors as well as chairman and member of the AC respectively. The appointment complied with paragraph 15.09(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

During FY2022, the AC had met three (3) times. Minute of each AC meeting was noted by the Board via distribution to each Board members.

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

#### **SUMMARY OF WORKS DURING FINANCIAL YEAR**

The main works undertaken by the AC during FY2022 in discharging their functions and duties were as follows:

#### 1. Financial reporting

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

#### 2. External audit

- a. Reviewed the audit plan from the external auditors, the audit strategy, scope of work for the year and general extent of the auditors' audit examinations;
- b. Reviewed the external audit results, audit report, audited financial statements as well as management letter (if any) and the response from the management;
- c. Met twice (on 28 November 2022 and 27 February 2023) with the external auditors without the presence of the Executive Director and management staff to enquire the extent of assistance rendered by the Management, issues on audit and accounting (if any), suggestions arising from audit and any other issues of concern to the auditors; and
- d. Reviewed and assessed the objectivity, independence and competency of the external auditors touching on quality of service, experience and expertise and made its recommendations to the Board on their re-appointment and fees.

## AUDIT COMMITTEE REPORT (Cont'd)

#### SUMMARY OF WORKS DURING FINANCIAL YEAR (Cont'd)

#### 3. Internal audit

- a. Reviewed the internal audit reports, the audit issues therein as well as follow-up audits, recommendations and management's response. Where appropriate, the AC has directed that control procedures be rectified and improve based on the internal auditors' recommendations and suggestions for improvement; and
- b. Evaluated the performance and functions of the internal auditors with focus on its scope of work, functions, competency and that it has the necessary resources to carry out its work in respect of FY2022.

#### 4. Governance

- a. Reviewed the recurrent related party transactions of a revenue or trading nature and other related party transactions entered into by the Group;
- b. Reviewed and recommended for approval of the Board of Directors the Statement on Risk Management and Internal Control for inclusion in the Annual Report 2022;
- c. Reviewed and approved the AC Report for inclusion in the Annual Report 2022; and
- d. Discussed and approved draft circular to shareholders in relation to proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature;

#### INTERNAL AUDIT FUNCTION

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

The total cost incurred for the internal audit function for FY2022 was RM45,000.

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

- a. Presented an internal annual plan for approval by AC. The internal audit plan covered key operational activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage of operational activities on a regular basis.
- b. Performed audit on Repair Maintenance Management, Branch Management, Safety, Health and Environment and Production Management for the adequacy of internal controls over these functions.

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

This report is approved by the AC on 28 April 2023.



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 2022.

#### **Principal activities**

The Company is principally engaged in investment holding activities and trading of plastic and petroleum products whilst the principal activities and details of the subsidiaries are stated in Note 5 to the financial statements.

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

#### Results

	Group RM′000	Company RM'000
Profit for the year attributable to :		
Owners of the Company	99,948	25,737
Non-controlling interests	1,713	
	101,661	25,737

#### Reserves and provisions

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

#### **Dividends**

Since the end of the previous financial year, the amount of dividends declared and paid by the Company were as follows:

- i) In respect of the financial year ended 31 December 2021:
  - a third interim dividend of 1.25 sen per ordinary share, totalling RM4,804,085 declared on 18 November 2021 and paid on 19 January 2022; and
  - a fourth interim dividend of 2.25 sen per ordinary share, totalling RM8,661,807 declared on 28 February 2022 and paid on 18 April 2022.
- ii) In respect of the financial year ended 31 December 2022:
  - a first interim dividend of 1.25 sen per ordinary share, totalling RM4,819,777 declared on 26 May 2022 and paid on 18 July 2022;
  - a second interim dividend of 1.25 sen per ordinary share, totalling RM4,862,071 declared on 25 August 2022 and paid on 18 October 2022;
  - a third interim dividend of 1.25 sen per ordinary share, totalling RM4,880,887 declared on 28 November 2022 and paid on 18 January 2023; and
  - a fourth interim dividend of 2.25 sen per ordinary share, totalling RM8,806,025 declared on 28 February 2023 and paid on 18 April 2023.

The Directors do not recommend any other dividend to be paid for the financial year under review.



#### **Directors of the Company**

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

Duli Yang Teramat Mulia Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin

Tengku Muzzammil Bin Tengku Makram

Dato' Ang Poon Chuan - Managing Director

Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming

Chow Hon Piew (Retired on 29 August 2022) Dato' Kang Pang Kiang (Retired on 29 August 2022)

Teoh Mei Shean (Appointed on 28 November 2022) (Appointed on 28 November 2022) Lee Kean Teong

#### **Directors of subsidiaries**

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

Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong

Ang See Ming Ang Poon Shen

Ang Eng Choo Ang See Nung

Ang See Hwan Ang See Cheong

Phoon Ling Zi Teh Boon Yen

Lo Kui Fai Ng Chiu Bun

Ang See Jie (Appointed on 20 September 2022) Ang See Yao (Appointed on 20 September 2022)



#### Directors' interests in shares

The interests and deemed interests in the ordinary shares and Employees' Share Option Scheme ("ESOS") of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	<b>D</b> 1		ordinary shares	D-I
	Balance at 1.1.2022/^	Bought/ Converted	(Sold)	Balance at 31.12.2022
Interests in the Company				
Dato' Ang Poon Chuan :				
- own	1,703,408	383,000	-	2,086,408
- others #	1,122,566	30,000	-	1,152,566
Datuk Ang Poon Seong				
- own	3,701,116	343,000	-	4,044,116
- others #	183,000	146,800	(82,000)	247,800
Dato' Ang Poon Khim				
- own	3,622,786	55,000	(12,300)	3,665,486
- others #	185,300	180,000	(54,600)	310,700
Ang See Ming - own	1,962,796	-	-	1,962,796
Lee Kean Teong				
- own	^10,000	-	-	10,000
- others *	^90,000	-	-	90,000
Interests in subsidiaries				
- TGSH Plastic Industries Sdn. Bhd.				
Direct interests				
Ang See Ming - own	160,000	-	-	160,000
Datuk Ang Poon Seong - own	80,000	-	-	80,000
- TG Power Wrap Sdn. Bhd.				
Direct interests				
Dato' Ang Poon Chuan - own	@1	-	-	<sup>@</sup> 1
Ang See Ming - own	<sup>@</sup> 1	-	-	<sup>@</sup> 1



#### Directors' interests in shares (Cont'd)

	Number of ordinary shares			
	Balance at 1.1.2022	Bought/ Converted	(Sold)	Balance at 31.12.2022
Interests in subsidiaries				
- Everprosper Food Industries Sdn. Bhd.				
Direct interests				
Ang See Ming - own	240,000	-	-	240,000
- TGW Plastic Packaging Sdn. Bhd.				
Direct interests				
Dato' Ang Poon Chuan - own	<sup>@</sup> 1	-	-	<sup>@</sup> 1
Dato' Ang Poon Khim - own	<sup>@</sup> 1	-	-	@1
	Emp	oloyees' Share Op	otion Scheme ("	ESOS")
	Balance at 1.1.2022	Granted	(Exercised)	Balance at 31.12.2022
Interests in the Company				
Dato' Ang Poon Chuan				
- own	1,149,000	-	(383,000)	766,000
- others #	662,000	-	(10,000)	652,000
Datuk Ang Poon Seong				
- own	1,029,000	-	(343,000)	686,000
- others #	377,400	-	(136,800)	240,600
Dato' Ang Poon Khim				
- own	686,000	-	(55,000)	631,000
- others #	432,000	-	-	432,000
Ang See Ming - own	1,078,000	-	-	1,078,000

<sup>&</sup>lt;sup>#</sup> These are shares and ESOS held in the name of the spouses and/or children and are regarded as interests of the Directors in accordance with the Companies Act 2016

None of the other Directors holding office at 31 December 2022 had any interest in the ordinary shares and ESOS of the Company and of its related corporations during the financial year.

<sup>&</sup>lt;sup>®</sup> Share held in trust for Thong Guan Industries Berhad

<sup>\*</sup> Shares held by a company in which the children of the Director is a substantial shareholder and are regarded as interests of the Director

<sup>^</sup> At date of appointment



#### **Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those shown below.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiaries of the Company RM'000
Directors of the Company:		
Fees	300	280
Remuneration (including contributions to Employees' Provident Fund)	475	3,943
Estimated monetary value of benefits-in-kind	10	25
Share-based payments	411	
	1,196	4,248

Transactions between companies in which certain Directors or close family members of certain Directors are deemed to have a substantial financial interest in the ordinary course of business or Company in which certain Directors are key personnel management are as follows:

	From the Company RM'000	From subsidiaries of the Company RM'000
Sales	-	2,230
Purchase	-	11,356
Rental expense	-	1,072
Donation	1,000	<u> </u>

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, other than through the ESOS of the Company as disclosed in the financial statements.

#### Issue of shares and debentures

During the financial year, 6,143,900 new ordinary shares were issued from the exercise of 6,143,900 ESOS at the exercise price of RM1.13 per share.

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

#### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the ESOS of the Company as disclosed in the financial statements.



#### **Employees' Share Option Scheme**

At an Extraordinary General Meeting held on 18 April 2019, the Company's shareholders approved the establishment of the Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares of the Company (excluding treasury shares) to eligible Directors and employees of the Group (excluding subsidiaries which are dormant). The ESOS is administered by the ESOS Committee in accordance with the By-Laws of the ESOS and shall be in force for a period of 5 years from 3 July 2019 ("ESOS Period").

	Number of options '000	ESOS exercise price (RM/ share)	Vesting period
Tranche 1	604	1.13	7 August 2019 to 6 August 2020
Tranche 2	2,742	1.13	7 August 2020 to 6 August 2021
Tranche 3	8,418	1.13	7 August 2021 to 6 August 2022
Tranche 4	8,418	1.13	7 August 2022 to 6 August 2023
Tranche 5	8,418	1.13	7 August 2023 to 2 July 2024
	28,600		

The outstanding options offered to take up unissued ordinary shares of the Company are as follows:

				ary shares		
Date of offer	Expiry date	Exercise price RM	At 1.1.2022 '000	(Exercised) '000	(Forfeited) '000	At 31.12.2022 ′000
3.7.2020	2.7.2024	1.13	19,926	(6,144)	(830)	12,952

The maximum allocation of ESOS to Executive Directors and senior management of the Group shall in aggregate not exceed 70% of the total options granted. The share options allocated to Executive Directors and senior management as at 31 December 2022 was 31.4% (2021: 31.4%) of the total options granted.

The salient features of the ESOS are, inter alia, as follows:

- (a) The ESOS shall be in force for a duration of 5 years from 3 July 2019 ("ESOS Period") and may be extended at the discretion of the Board upon the recommendation of the ESOS Committee provided that the ESOS Period shall not in aggregate exceed a duration of 10 years from 3 July 2019 or such longer duration as may from time to time be permitted by the relevant authorities;
- (b) The total number of shares which may be issued and allocated under the ESOS scheme shall not in aggregate exceed 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the ESOS Period;
- (c) Eligible employees are employees employed by and are on the payroll of any company in the Group (excluding subsidiaries which are dormant) and his/her employment has been confirmed by the company, who is at least 18 years of age and is not undischarged bankrupt nor subject to any bankruptcy proceedings;
- (d) Not more than 10% of the aggregate number of shares to be issued under the ESOS shall be allocated to any individual eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more of the total number of issued shares of the Company (excluding treasury shares, if any); and
- (e) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of and not less than 100 shares.



#### Indemnity and insurance costs

There was no indemnity given to or insurance effected for the Directors, officers or auditors of the Company during the financial year.

#### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 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 during the financial year

Details of the significant events are disclosed in Note 31 to the financial statements.



#### **Auditors**

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

The audit and non-audit fees of the Group and of the Company during the year are as follows :

	Group RM'000	Company RM'000
Audit fees		
- KPMG PLT	302	50
- Other auditors	83	-
	385	50
Non-audit fees		
- KPMG PLT and other overseas affiliates	63	63
- Local affiliate of KPMG PLT	71	17
	134	80
	519	130

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

Dato' Ang Poon Chuan Director
Ang See Ming Director
Kedah Darul Aman

Date : 28 April 2023



AS AT 31 DECEMBER 2022

		Gı	oup	Com	pany
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Assets					
Property, plant and equipment	3	400,153	328,620	-	-
Investment properties	4	24,567	25,189	23,940	24,528
Investments in subsidiaries	5	-	-	113,075	112,614
Investments in associates	6	3,719	2,580	-	-
Deferred tax assets	7	376	238	-	-
Other investments	8	-	797	-	-
Trade and other receivables	10	22,161	42,730	4,954	-
Total non-current assets		450,976	400,154	141,969	137,142
Inventories	9	284,846	257,529	-	-
Trade and other receivables	10	290,594	262,693	64,388	53,207
Current tax assets		4,035	4,498	165	184
Cash and cash equivalents	11	273,955	292,884	93,015	93,475
Total current assets	_	853,430	817,604	157,568	146,866
Total assets		1,304,406	1,217,758	299,537	284,008
Equity					
Share capital	12	255,516	246,454	255,516	246,454
Reserves	13	565,544	487,346	25,906	23,394
Total equity attributable to owner of the Company	rs	821,060	733,800	281,422	269,848
Non-controlling interests	5	29,265	27,802		-
Total equity		850,325	761,602	281,422	269,848
Liabilities					
Loans and borrowings	14	58,655	65,300	-	-
Lease liabilities		1,849	1,379	-	-
Deferred tax liabilities	7	38,607	33,043	-	-
Total non-current liabilities	_	99,111	99,722	-	-
Loans and borrowings	14	164,754	120,961	-	-
Lease liabilities		1,250	1,110	-	-
Provision	15	-	-	1,000	1,460
Trade and other payables	16	183,222	229,048	17,115	12,700
Contract liabilities	17	2,124	4,242	-	-
Current tax liabilities		3,620	1,073	-	-
Total current liabilities		354,970	356,434	18,115	14,160
Total liabilities		454,081	456,156	18,115	14,160
Total equity and liabilities		1,304,406	1,217,758	299,537	284,008

The notes on pages 92 to 161 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

		Gr	oup	Comp	bany
	Note	2022 RM'000	2021 RM′000	2022 RM′000	2021 RM'000
Revenue	18	1,386,523	1,214,944	26,086	20,871
Cost of goods sold		(1,179,361)	(1,027,851)	-	-
Gross profit		207,162	187,093	26,086	20,871
Other income		5,067	9,317	2,192	1,239
Selling and distribution expenses		(27,076)	(23,602)	-	-
Administrative expenses		(44,765)	(41,119)	(3,342)	(2,241)
Other expenses		(13,050)	(8,020)	(225)	(451)
Net (loss)/gain on impairment of financial instruments		(23)	(282)	802	317
Results from operating activities	19	127,315	123,387	25,513	19,735
Finance income		1,449	3,210	425	1,525
Finance costs	21	(5,164)	(1,884)	-	-
Operating profit		123,600	124,713	25,938	21,260
Share of profit of equity-accounted associate, net of tax		835	505	-	-
Profit before tax	_	124,435	125,218	25,938	21,260
Tax expense	22	(22,774)	(27,206)	(201)	-
Profit for the year	_	101,661	98,012	25,737	21,260
Other comprehensive expense, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	_	1,475	8,052	<u> </u>	_
Total comprehensive income for the year	_	103,136	106,064	25,737	21,260
Profit attributable to :					
Owners of the Company		99,948	92,876	25,737	21,260
Non-controlling interests	_	1,713	5,136		- 24.270
Tatal assumed and in a sure	_	101,661	98,012	25,737	21,260
Total comprehensive income attributable to :					
Owners of the Company		101,423	100,928	25,737	21,260
Non-controlling interests	_	1,713	5,136	<u> </u>	-
	_	103,136	106,064	25,737	21,260
Basic earnings per ordinary share (sen)	24	25.86	24.42		
(	_				

The notes on pages 92 to 161 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

		V		-Attributable to owners of the Company-	owners of	the Compa		1			
		V		-Non-distributable	utable		^	Distributable			
	Note	Share capital RM′000	Translation reserve RM′000	Statutory reserve RM'000	Treasury shares RM′000	Fair value reserve RM′000	Share options reserve RM'000	Retained earnings RM'000	Total RM′000	Non- controlling interests RM'000	Total equity RM'000
Group											
At 1 January 2021		237,089	18,727	4,141	(1,305)	(567)	2,916	384,341	645,342	22,966	808'308
Foreign currency translation differences for foreign operations		1	8,052	1	ı	1	1		8,052		8,052
Total other comprehensive income for the year Profit for the year		1 1	8,052	1 1	1 1	1 1	1 1	- 92,876	8,052	5,136	8,052
Total comprehensive income for the year	_	1	8,052	1	ı	1	1	92,876	100,928	5,136	106,064
Contributions by and distribution to owners of the Company											
- Share based payments	23	1	1	1	'	1	2,291	1	2,291	ı	2,291
- Share options exercised		6,365	ı	ı	I	ı	(2,190)	ı	7,175	ı	7,175
- Dividends paid to owners of the Company	25	ı	ı	ı	1	ı	ı	(18,106)	(18,106)	ı	(18,106)
- Dividend paid by a subsidiary to non- controlling interests		1	1	1	ı	1	ı	ı	ı	(300)	(300)
- Purchase of treasury shares	13.3	1	1	1	(3,830)	'	'	'	(3,830)	1	(3,830)
Total transactions with owners of the Company	'	9,365	1	1	(3,830)	1	101	(18,106)	(12,470)	(300)	(12,770)
At 31 December 2021	·	246,454	26,779	4,141	(5,135)	(567)	3,017	459,111	733,800	27,802	761,602
	•	Note 12	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13			

## STATEMENTS OF CHANGES IN EQUITY

			Attr	ibutable to	owners of	Attributable to owners of the Company	any	1			
		V		-Non-distributable	butable		^	Distributable			
	Note	Share capital RM′000	Translation reserve RM′000	Statutory reserve RM'000	Treasury shares RM'000	Fair value reserve RM′000	Share options reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
Group											
At 1 January 2022		246,454	26,779	4,141	(5,135)	(267)	3,017	459,111	733,800	27,802	761,602
Foreign currency translation differences for foreign operations			1,475		•				1,475	,	1,475
Total other comprehensive income for the year		•	1,475	•	•	•	•	,	1,475	,	1,475
Profit for the year		•		•	•		•	99,948	99,948	1,713	101,661
Total comprehensive income for the year		•	1,475	•	•	•	•	99,948	101,423	1,713	103,136
Contributions by and distribution to owners of the Company											
- Share based payments	23		•	•	•	•	2,120	•	2,120	•	2,120
- Share options exercised		9,062	•	•	•	•	(2,120)	•	6,942	•	6,942
- Dividends paid to owners of the Company	25	•	•	•	•	•	•	(23,225)	(23,225)	•	(23,225)
- Dividend paid by a subsidiary to non- controlling interests	-	٠	•	•	•	٠	٠	•	•	(300)	(300)
- Shares issued by a subsidiary to non- controlling interests			•	•	•			•	•	20	20
Total transactions with owners of the Company	'	9,062	'	'	•	·	•	(23,225)	(23,225) (14,163)	(250)	(250) (14,413)
At 31 December 2022		255,516	28,254	4,141	(5,135)	(567)	3,017	535,834	821,060	29,265	850,325
	•	Note 12	Note 13	Note 13	Note 13	Note 13	Note 13	Note 13			

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

		¥	ttributable 1	Attributable to owners of the Company	the Compa	<	
		V	Non-distributable	ibutable	1	> Distributable	
	Note	Share capital RM′000	Treasury shares RM′000	Fair value reserve RM′000	Share options reserve RM'000	Retained earnings RM′000	Total equity RM'000
Company							
At 1 January 2021		237,089	(1,305)	(267)	2,916	22,925	261,058
Profit for the year representing total comprehensive income for the year		•	•	1	'	21,260	21,260
Contributions by and distribution to owners of the Company							
- Share based payments	23	ı	1	1	2,291	1	2,291
- Share options exercised		6,365	1	1	(2,190)	•	7,175
- Dividends paid	25	1	1	ı	ı	(18,106)	(18,106)
- Purchase of treasury shares	13.3	ı	(3,830)	1	'	1	(3,830)
Total transactions with owners of the Company	'	6,365	(3,830)	1	101	(18,106)	(12,470)
At 31 December 2021	'	246,454	(5,135)	(267)	3,017	26,079	269,848
	•	Note 12	Note 13	Note 13	Note 13	Note 13	

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

		<b>4</b>	ttributable to owner Non-distributable	o owners of butable	the Compa	<	
	Note	Share capital RM'000	Treasury shares RM′000	Fair value reserve RM'000	Share options reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company							
At 1 January 2022		246,454	(5,135)	(567)	3,017	26,079	269,848
Profit for the year representing total comprehensive income for the year		•	•	•	•	25,737	25,737
Contributions by and distribution to owners of the Company							
- Share based payments	23	•	•	•	2,120	•	2,120
- Share options exercised		9,062	•	•	(2,120)	•	6,942
- Dividends paid	72	•	•	•	•	(23,225)	(23,225)
Total transactions with owners of the Company	ı	9,062	•	•	•	(23,225)	(14,163)
At 31 December 2022		255,516	(5,135)	(267)	3,017	28,591	281,422
		Note 12	Note 13	Note 13	Note 13	Note 13	

The notes on pages 92 to 161 are an integral part of these financial statements.



		Gro	oup	Comp	oany
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Cash flows from operating activities					
Profit before tax		124,435	125,218	25,938	21,260
Adjustments for :					
Property, plant and equipment					
- Depreciation	3	30,747	30,170	-	-
- Gain on disposal		(63)	(178)	-	-
- Written-off		5	-	-	-
Gain on derecognition of lease liabilities		(45)	-	-	_
Depreciation of investment property	4	622	336	588	325
Loss on disposal of other investments		33	-	-	-
Unrealised loss on loans and borrowings	14.2	2,651	627	-	-
Reversal of provision for financial guarantees	15	-	-	(460)	(275)
Dividend income	18	-	-	(25,664)	(20,744)
Interest expense	21	5,164	1,884	-	-
Share-based payments	23	2,120	2,291	411	411
Interest income		(1,449)	(3,210)	(425)	(1,525)
Share of profit of equity accounted associate, net of tax	_	(835)	(505)	<u> </u>	
Operating profit/(loss) before changes in working capital		163,385	156,633	388	(548)
Changes in working capital :					
Inventories		(28,331)	(45,930)	-	-
Trade and other receivables		(8,002)	(104,567)	(21,416)	11,779
Trade and other payables		(45,732)	59,538	4,338	64
Contract liabilities	_	(2,118)	104	<u> </u>	-
Cash generated from operations		79,202	65,778	(16,690)	11,295

# STATEMENTS OF CASH FLOWS (Cont'd)

		Gro	oup	Com	pany
	Note	2022 RM'000	2021 RM′000	2022 RM′000	2021 RM'000
Income tax (paid)/refunded		(14,338)	(14,684)	(182)	89
Dividends received		-	-	32,654	28,032
Net cash from operating activities	_	64,864	51,094	15,782	39,416
Cash flows from investing activities					
Acquisition of property, plant and equipment	А	(103,601)	(60,781)	-	-
Acquisition of investment properties	А	-	(18,546)	-	(17,874)
Proceeds from disposal of plant and equipment		1,097	342	-	_
Interest received		1,449	3,210	425	1,525
Investments in subsidiaries		-	-	(461)	(61)
Investments in an associate		(282)	-	-	-
Subscription of shares by non- controlling interest in a subsidiary		50	-	-	-
Addition of other investments		-	(797)	-	-
Proceeds from disposal of other investments		764	-	-	-
Net cash used in investing activities		(100,523)	(76,572)	(36)	(16,410)
Cash flows from financing activities					
Payment of: - hire purchase creditors		(621)	(855)	_	-
- lease liabilities		(1,193)	(1,081)	-	-
(Repayment)/Drawdown of term loans		(4,224)	10,968	-	-
Drawdown of other bank borrowings (net)		38,185	29,510	-	-
Dividends paid		(23,148)	(17,100)	(23,148)	(17,100)
Dividend paid to non-controlling interests by a subsidiary		(300)	(300)	-	_
Proceeds from exercise of ESOS		6,942	7,175	6,942	7,175
Interest paid		(5,164)	(1,884)	-	-
Purchase of treasury shares		-	(3,830)	-	(3,830)
Net cash from/(used in) financing activities		10,477	22,603	(16,206)	(13,755)



		Gr	oup	Com	pany
	Note	2022 RM'000	2021 RM'000	2022 RM′000	2021 RM'000
Net (decrease)/increase in cash and cash equivalents		(25,182)	(2,875)	(460)	9,251
Effects of exchange rate fluctuations on cash and cash equivalents		5,886	3,199	-	-
Cash and cash equivalents at 1 January		292,657	292,333	93,475	84,224
Cash and cash equivalents at 31 December	В _	273,361	292,657	93,015	93,475

#### Notes

#### A. Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM105,134,000 (2021: RM62,245,000) of which RM1,533,000 (2021: RM1,464,000) was acquired by means of hire purchase/finance lease arrangements. The remaining RM103,601,000 (2021: RM60,781,000) was purchased by way of cash.

#### B. Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts :

		Grou	ıb	Com	pany
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Cash and cash equivalents	11	273,955	292,884	93,015	93,475
Bank overdrafts	14	(594)	(227)		
		273,361	292,657	93,015	93,475

#### C. Cash outflows for leases as a lessee

			Group	C	Company
	Note	2022 RM'000	2021 RM′000	2022 RM′000	2021 RM′000
Included in net cash from operating activities:					
Payment relating to short-term leases	19	1,198	1,241	-	-
Payment relating to low-value assets	19	70	69	-	-
Included in net cash used in financing activities :					
Interest paid in relation to lease liabilities	21	96	80	-	-
Payment of lease liabilities	14.2	1,193	1,081		
Total cash outflows for leases	_	2,557	2,471		

The notes on pages 92 to 161 are an integral part of these financial statements.



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

#### Principal place of business

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

#### Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally engaged in investment holding activities and trading of plastic and petroleum products whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 April 2023.

#### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

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

The following are accounting standard and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts Initial application of MFRS 17 and MFRS 9 Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, Leases Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

#### MFRSs and amendments effective for annual periods beginning on or after a date yet to be confirmed

 Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

#### 1. BASIS OF PREPARATION (Cont'd)

#### (a) Statement of compliance (Cont'd)

The Group and the Company do not plan to apply MFRS 17 that is effective for annual periods beginning on or after 1 January 2023 as they are not applicable to the Group and the Company.

The initial application of the above amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

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

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 9.1 - valuation of inventories.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

#### (i) Subsidiaries

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

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

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (a) Basis of consolidation (Cont'd)

#### (ii) Business combinations

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

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

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

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

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

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

#### (iii) Acquisitions of non-controlling interests

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

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (a) Basis of consolidation (Cont'd)

#### (v) Associates (Cont'd)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

#### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (vii) 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 associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Foreign currency

#### (i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRSs) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (b) Foreign currency (Cont'd)

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia (Cont'd)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

#### (c) Financial instruments

#### (i) Recognition and initial measurement

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

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

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

#### (ii) Financial instrument categories and subsequent measurement

#### Financial assets

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

#### (a) Amortised cost

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

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

#### (b) Fair value through other comprehensive income

#### **Equity investments**

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) Financial instruments (Cont'd)

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

#### Financial assets (Cont'd)

#### (c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss

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

#### Financial liabilities

#### Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method.

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

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

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

#### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownerships of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (v) Offsetting

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

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

#### (ii) Subsequent costs

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

#### (iii) Depreciation

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

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

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

Leasehold land (Right-of-use assets)48 - 936 yearsFactory buildings (Right-of-use assets)2 - 5 yearsFactory buildings20 - 50 yearsPlant and machinery5 - 20 yearsFurniture, fittings and office equipment5 - 25 yearsMotor vehicles5 years

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (e) Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group or the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (ii) Recognition and initial measurement

#### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rates. Generally, the Group entities use their incremental borrowing rates as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (e) Leases (Cont'd)

#### (ii) Recognition and initial measurement (Cont'd)

#### (b) As a lessor (Cont'd)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

#### (iii) Subsequent measurement

#### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

#### (f) Investment properties

#### Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Freehold land is not depreciated. Depreciation on leasehold land and buildings are charged to profit or loss on a straight-line basis over the estimated useful lives of 33 years and 50 years respectively. The residual values, useful lives and depreciation method are reviewed at the end of the reporting period, and adjusted as appropriate.

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

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

#### (g) Inventories

Inventories are measured at the lower of cost and net realisable value.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (g) Inventories (Cont'd)

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (h) Contract liability

A contract liability is stated at cost and represents the obligation of the Group and the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

#### (j) Impairment

#### (i) Financial assets

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

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

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

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

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

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

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

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (j) Impairment (Cont'd)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

#### (I) Employee benefits

#### (i) Short-term employee benefits

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

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

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (I) Employee benefits (Cont'd)

#### (iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using the Trinomial Option Pricing 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.

#### (m) Provisions

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

#### (n) Revenue and other income

#### (i) Revenue from contracts with customers

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

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

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

#### (ii) Commission

When the Group or the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group and the Company.

#### (iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Rental income from subleased property is recognised as other income.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (n) Revenue and other income (Cont'd)

#### (v) Government grants

Wages subsidy from government that compensate the Group and the Company for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

#### (vi) Interest income

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

#### (o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

#### (p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

#### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (q) Earnings per ordinary share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise ESOS granted to eligible Directors and employees of the Group.

#### (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (s) Contingent liabilities

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

#### (t) Fair value measurements

Fair value of an asset or a liability, except for share-based payments and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

# PROPERTY, PLANT AND EQUIPMENT

#### (388)(2,408)(1,882)(291) (3,347)(496)Total RM'000 62,245 602,540 5,247 667,236 766,354 105,134 Capital expenditure -in-progress RM'000 (16,917) (30,899)(283)25,441 65,478 16,632 25,366 360 59,737 vehicles RM′000 (759) (836)18,872 8 Motor 2,077 93 2,631 221 20,880 17,461 Furniture, fittings and office equipment RM'000 (1,343)(86) 43,848 2,216 158 264 45,143 1,541 260 222 47,080 machinery RM′000 (306)(23) (197)(633) 16,653 3,222 23,819 30,540 423,307 31,737 474,613 Plant and 527,819 Freehold land and buildings RM'000 (1,023)(264)1,015 72,107 71,092 66 70,933 4 (388)Factory buildings RM′000 (3,347)3,588 3,985 4,011 3,268 793 9 23 <- Right-of-use assets-> Leasehold land RM′000 27,049 26,612 8,383 488 381 56 35,920 Effect of movements in exchange rates Effect of movements in exchange rates At 31 December 2021/1 January 2022 At 31 December 2022 At 1 January 2021 Derecognition \* Derecognition \* Reclassification Reclassification Written-off Additions Disposals Additions Disposals Group Cost

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	<-Right-of-use assets->	e assets->						
	Leasehold land RM′000	Factory buildings RM'000	Freehold land and buildings RM'000	Plant and machinery RM′000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital expenditure -in-progress RM'000	Total RM'000
Group								
Accumulated depreciation and impairment losses								
At 1 January 2021								
Accumulated depreciation	4,520	913	33,105	231,344	19,635	14,122	1	303,639
Accumulated impairment losses	1	1	1	1	4,110	1	1	4,110
	4,520	913	33,105	231,344	23,745	14,122	ı	307,749
Depreciation for the year	445	1,125	2,640	21,340	3,146	1,474	ı	30,170
Disposals	ı	ı	I	(101)	(1,318)	(825)	•	(2,244)
Derecognition*	ı	(388)	ı	ı	ı	ı	•	(388)
Effect of movements in exchange rates	72	•	546	2,562	104	45	1	3,329
At 31 December 2021/1 January 2022								
Accumulated depreciation	5,037	1,650	36,291	255,145	21,567	14,816	•	334,506
Accumulated impairment losses		•	•	•	4,110	•	•	4,110
	5,037	1,650	36,291	255,145	25,677	14,816	•	338,616

PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	<-Right-of-use assets->	e assets->						
	Leasehold land RM'000	Factory buildings RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM′000	Capital expenditure -in-progress RM'000	Total RM'000
Group								
Accumulated depreciation and impairment losses								
Depreciation for the year	640	1,217	1,618	22,477	3,230	1,565	•	30,747
Disposals	•	•	•	(74)	•	(774)	•	(848)
Written-off	•	٠	•	(197)	(88)	(3)	•	(286)
Derecognition*	•	(1,927)	•	•	•	•	•	(1,927)
Effect of movements in exchange rates	(18)	36	(196)	(314)	217	174	•	(101)
At 31 December 2022								
Accumulated depreciation	5,659	926	37,713	277,037	24,928	15,778	•	362,091
Accumulated impairment losses		•	•	•	4,110		•	4,110
	5,659	976	37,713	277,037	29,038	15,778		366,201
Group								
Carrying amounts								
At 1 January 2021	22,092	2,675	37,987	191,963	20,103	3,339	16,632	294,791
At 31 December 2021/1 January 2022	22,012	2,361	35,816	219,468	19,466	4,056	25,441	328,620
At 31 December 2022	30,261	3,009	33,220	250,782	18,042	5,102	59,737	400,153

<sup>\*</sup> Derecognition of right-of-use assets due to end of lease term.

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#### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor vehicles RM'000
Company	
Cost	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	320
Accumulated depreciation	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	320
Carrying amount	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	

#### 3.1 Freehold land and buildings - Group

		Cost	Carrying	amounts
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	4,231	4,231	4,231	4,231
Factory buildings	66,702	67,876	28,989	31,585
	70,933	72,107	33,220	35,816

# 3.2 Security

At 31 December 2022, certain plant and machinery of the Group with carrying amount of RM10,726,000 (2021: RM26,220,000) are charged for banking facilities granted to the Group (Note 14.1).

# 3.3 Right-of-use assets

The Group leases land and factory buildings that run between 2 years to 936 years, with an option to renew the leases after the expiry of the initial lease periods.

#### 3.3.1 Extension options

Certain leases of factory buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The disclosure of lease liabilities recognised and potential future lease payment not included on lease liabilities for extension options have not been made as the Directors noted the amount to be inconsequential.

# 4. INVESTMENT PROPERTIES

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
Group				
Cost				
At 1 January 2021	7,931	-	-	7,931
Addition	-	10,877	7,669	18,546
At 31 December 2021/1 January 2022/31 December 2022	7,931	10,877	7,669	26,477
Accumulated depreciation				
At 1 January 2021	952	-	-	952
Depreciation for the year	238	-	98	336
At 31 December 2021/1 January 2022	1,190	-	98	1,288
Depreciation for the year	238		384	622
At 31 December 2022	1,428		482	1,910
Carrying amounts				
At 1 January 2021	6,979	<u>-</u>	-	6,979
At 31 December 2021/1 January 2022	6,741	10,877	7,571	25,189
At 31 December 2022	6,503	10,877	7,187	24,567
The following is recognised in profit or loss in respect of investigations of the second seco	stment propertie	es:		
			2022	2021

	2022 RM′000	2021 RM'000
Direct operating expenses		
- income generating investment properties	362	306
- non income generating investment properties	524	127

# 4. INVESTMENT PROPERTIES (Cont'd)

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
Company				
Cost				
At 1 January 2021	7,931	-	-	7,931
Addition		10,877	6,997	17,874
At 31 December 2021/1 January 2022/31 December 2022	7,931	10,877	6,997	25,805
Accumulated depreciation				
At 1 January 2021	952	-	-	952
Depreciation for the year	238	-	87	325
At 31 December 2021/1 January 2022	1,190	-	87	1,277
Depreciation for the year	238		350	588
At 31 December 2022	1,428	<u>-</u>	437	1,865
Carrying amounts				
At 1 January 2021	6,979			6,979
At 31 December 2021/1 January 2022	6,741	10,877	6,910	24,528
At 31 December 2022	6,503	10,877	6,560	23,940

The following is recognised in profit or loss in respect of investment properties :

	2022 RM'000	2021 RM′000
Direct operating expenses		
- income generating investment property	290	295
- non income generating investment property	524	127

#### 4. INVESTMENT PROPERTIES (Cont'd)

#### 4.1 Fair value information - Group and Company

Investment properties comprise a leasehold land, freehold land, industrial building and an apartment that are held for undetermined use.

The fair value of the investment properties of the Group and of the Company is based on Directors' estimation using the latest available market information, recent experience and knowledge in the location and category of the property being valued. The fair value of the investment properties of the Group and of the Company as at 31 December 2022 was determined to be approximately RM27.0 million (2021: RM27.0 million) and RM26.3 million (2021: RM26.3 million) respectively. The fair values are classified as level 3 of the fair value hierarchy.

Level 3 fair value

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

The Directors estimate the fair value of the investment properties for the Group and the Company based on comparison with similar properties that are published for sale within the same locality or other comparable localities. The most significant input for this valuation approach is price per square foot ranging of RM5.50 to RM512 (2021 : RM5.50 to RM512) and RM5.50 to RM14.90 (2021 : RM5.50 to RM14.90) for the Group and the Company respectively. The estimated fair value would increase/(decrease) if the price per square foot is higher/ (lower).

#### 5. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2022 RM′000	2021 RM′000
Investments, at cost	116,334	115,873
Less : Impairment loss	(3,259)	(3,259)
	113,075	112,614

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	owne intere	ctive ership st and interest
			2022 %	2021 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Manufacturing and trading of food and beverage products, trading of plastic products and wholesale of rice	100	100
Thong Guan Plastic & Paper Industries Sdn. Bhd. ("TGPP")	Malaysia	Manufacturing and trading of plastic products	100	100
Uniang Plastic Industries Sdn. Bhd <sup>.(1)</sup> (formerly known as Uniang Plastic Industries (Sabah) Sdn. Bhd.)	Malaysia	Manufacturing and sale of film blown plastic products and flexible plastic packaging products	100	100
Jaya Uni'ang Sdn. Bhd. <sup>(1)</sup> (formerly known as Jaya Uni'ang (Sabah) Sdn. Bhd.)	Malaysia	Trading in film blown plastic products, food and consumable products	100	100

# 5. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

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

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effection owner interest voting in the contract of the contrac	rship st and
			2022 %	2021 %
TG Plastic Technologies Sdn. Bhd. ("TGPT") <sup>(2)</sup>	Malaysia	Manufacturing and trading of plastic packaging products	100	100
Thong Guan Plastic Industries (Suzhou) Co., Ltd <sup>(1)</sup>	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TGP Plaspack (Suzhou) Co., Ltd. ("TGPPS") <sup>(1)</sup>	People's Republic of China	Manufacturing and trading of plastic packaging products	100	100
TG Power Wrap Sdn. Bhd. ("TGPW")	Malaysia	Manufacturing and marketing of polyvinyl chloride (PVC) cling food wraps	85	85
TGSH Plastic Industries Sdn. Bhd. ("TGSH")	Malaysia	Manufacturing and marketing of plastic packaging products	70	70
TGW Plastic Packaging Sdn. Bhd. ("TGWPP") (2)	Malaysia	Manufacturing and trading of plastic packaging products	51	51
Newton Research & Development Centre Sdn. Bhd.	Malaysia	Research and development centre for plastic packaging industry	100	100
Everprosper Food Industries Sdn. Bhd. ("EFI") <sup>(3)</sup>	Malaysia	Manufacturing and trading of noodle products	60	60
Thong Guan Trading (Thailand) Company Limited (1),(5)	Thailand	Manufacturing and trading of food and beverage products, and plastic products	79	79
TGP Marketing Sdn. Bhd.	Malaysia	Dormant	100	100
TG Plaspack (Vietnam) Co., Ltd <sup>(1)</sup>	Vietnam	Dormant	100	100
888 Cafe Sdn. Bhd. ("888 Cafe")	Malaysia	Dormant	80	80
888 Food Industries Sdn.Bhd.	Malaysia	Dormant	100	100
Everprosper Marketing Sdn. Bhd. ("EM") (4)	Malaysia	Dormant	60	60

#### 5. INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

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

Name of entity	Principal place of business/ Country of incorporation	Principal activities	owne intere voting	ctive ership st and interest
			2022 %	2021 %
TG Plaspack Myanmar Co., Ltd. <sup>(1)</sup>	Republic of the Union of Myanmar	Dormant	100	100
TG Greenpack Sdn. Bhd.	Malaysia	Dormant	100	100
Cargosafe R&D Co., Ltd. (1), (6),	People's Republic of China	Dormant	100	100
TG Europe A/S (1),(7), (10)	Denmark	Trading of plastic products	80	-
TG Packaging Solution Llc (1),(8), (10)	United States of America	Dormant	100	-
TG Development Sdn. Bhd <sup>. (1),(9), (10)</sup>	Malaysia	Dormant	100	-

<sup>&</sup>lt;sup>(1)</sup> Not audited by KPMG

<sup>(2)</sup> (2) Held through TGPP (3) Held through STGT

<sup>(4)</sup> Held through EFI

Held through STGT. STGT has 79% voting interest via a shareholders' agreement signed
 Held through TGPPS
 Held through TGPP, incorporated on 16 March 2022
 Held through TGPP, incorporated on 25 August 2022

<sup>(9)</sup> Incorporated on 19 October 2022

<sup>&</sup>lt;sup>(10)</sup> The unaudited management accounts were consolidated in the Group's financial statements as these subsidiaries were not required by the local legislation to have their financial statements audited

# **INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)**

# 5.1 Non-controlling interests in subsidiaries

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

	\ \ V			202		1
	TGPW RM'000	TGSH RM'000	TGWPP RM'000	EFI RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	15%	30%	<b>46</b> %	40%		
Carrying amount of NCI	7,179	11,976	13,603	(2,536)	(957)	29,265
Profit/(Loss) allocated to NCI	918	1,473	(807)	71	58	1,713
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	32,057	13,142	31,311	980		
Current assets	35,268	37,619	34,666	1,247		
Non-current liabilities	(2,903)	(1,201)	(13,833)	(238)		
Current liabilities	(16,562)	(9,640)	(24,383)	(8,650)		
Net assets/(liabilities)	47,860	39,920	27,761	(6,661)		
Year ended 31 December						
Revenue	92,207	71,918	54,172	3,539		
Profit/(Loss) for the year	6,120	4,909	(1,648)	177		
Total comprehensive income/(expense)	6,120	4,909	(1,648)	177		
Cash from operating activities	4,724	7,861	15,915	368		
Cash used in investing activities	(549)	(792)	(1,293)	(12)		
Cash flows (used in)/from financing activities	(3,065)	225	(14,159)	(1,023)		
Net increase/(decrease) in cash and cash equivalents	1,110	7,294	463	(667)		
Dividend paid to NCI	•	300	•			

# INVESTMENTS IN SUBSIDIARIES - COMPANY (Cont'd)

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

	V			2021		^
	TGPW RM'000	TGSH RM'000	TGWPP RM'000	EFI RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	15%	30%	49%	40%		
Carrying amount of NCI	6,261	10,805	14,410	(2,607)	(1,067)	27,802
(Loss)/Profit allocated to NCI	(88)	1,652	3,485	31	56	5,136
Summarised financial information before intra-group elimination						
As at 31 December						
Non-current assets	36,380	14,104	31,705	1,193		
Current assets	25,937	32,889	41,653	1,326		
Non-current liabilities	(6,490)	(1,597)	(17, 146)	(488)		
Current liabilities	(14,086)	(6,379)	(26,803)	(8,869)		
Net assets/(liabilities)	41,741	36,017	29,409	(8838)		
Year ended 31 December						
Revenue	56,423	68,577	75,436	3,539		
(Loss)/Profit for the year	(584)	2,506	7,113	77		
Total comprehensive (expense)/income	(584)	2,506	7,113	77		
Cash from operating activities	1,859	1,462	1,800	1,458		
Cash from/(used in) investing activities	20	(2,615)	(19,821)	(33)		
Cash flows (used in)/from financing activities	(4,560)	(636)	16,863	(989)		
Net (decrease)/increase in cash and cash equivalents	(2,651)	(2,092)	(1,158)	739		
Dividend paid to NCI	1	300	1	1		



# **INVESTMENTS IN ASSOCIATES - GROUP**

	2022 RM′000	2021 RM′000
Investments, at cost	802	520
Share of post-acquisition reserves	2,917	2,060
	3,719	2,580

Details of the associates are as follows:

Name of associate	Principal place of business	Principal activity/ Nature of the relationship	Effe owne intere voting	ership st and
			2022 %	<b>2021</b> %
Winner Bright International Industrial Limited ("WBIL") (1)	Hong Kong	Trading of plastic packaging products	49	49
Techpac Solutions ApS ("TPS") <sup>(2)</sup>	Denmark	Trading of plastic products	20	-

The disclosure of summary of financial information of the associates have not been made as the Directors noted the amount to be inconsequential.

The financial year end of the associate is 31 March. The financial year end of the associate is 31 December

# 7. Deferred tax assets/(liabilities)

The recognised deferred tax assets and liabilities are as follows:

	As	sets	Liab	ilities	N	let
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Property, plant and equipment and right-of-use assets						
- capital allowance	-	-	(45,005)	(39,481)	(45,005)	(39,481)
Lease liabilities	744	597	-	-	744	597
Tax incentives	5,539	5,701	-	-	5,539	5,701
Others	666	378	(175)		491	378
Tax assets/(liabilities)	6,949	6,676	(45,180)	(39,481)	(38,231)	(32,805)
Set-off of tax	(6,573)	(6,438)	6,573	6,438	<u>-</u>	
Net deferred tax assets/(liabilities)	376	238	(38,607)	(33,043)	(38,231)	(32,805)

Movements in temporary differences during the year are as follows :

	At 1 January 2021 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2021/1 January 2022 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2022 RM'000
Group					
Property, plant and equipment and right-of-use assets					
- Capital allowance	(28,763)	(10,718)	(39,481)	(5,524)	(45,005)
Lease liabilities	667	(70)	597	147	744
Tax incentives	10,623	(4,922)	5,701	(162)	5,539
Others	230	148	378	113	491
	(17,243)	(15,562)	(32,805)	(5,426)	(38,231)

# 7. Deferred tax assets/(liabilities) (Cont'd)

# Unrecognised deferred tax assets

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

	2022 RM′000	2021 RM′000
Group		
Capital allowances carry-forward	1,405	2,223
Tax losses carry-forward	10,019	10,758
Reinvestment allowance carry-forward	1,600	4,713
Investment tax allowance carry-forward	6,797	6,797
	19,821	24,491
Company		
Tax losses carry-forward	862	1,600
Others	477	242
	1,339	1,842

The capital allowance carry-forward and investment tax allowance carry-forward of the Group are available indefinitely for offsetting against future taxable profits, subject to no substantial change in shareholdings of those entities and guidelines issued under the Income Tax Act, 1967.

As stipulated in the Malaysian Budget 2022, the reinvestment allowance carry-forward and tax losses carry-forward as at 31 December 2018 and thereafter will only be available for carry forward up to a period of 7 and 10 (2021 : 7 and 10) consecutive years respectively. Any amounts not utilised upon expiry will be disregarded.

The tax losses carry-forward will expire in the following years of assessment:

	G	roup	Comp	oany
	2022 RM′000	2021 RM'000	2022 RM'000	2021 RM'000
Year of Assessment :				
2028	7,575	7,575	-	-
2029	1,582	1,583	-	-
2030	-	549	-	549
2031	862	1,051	862	1,051
	10,019	10,758	862	1,600

# 7. Deferred tax assets/(liabilities) (Cont'd)

The reinvestment allowance carry-forward will expire in the following years of assessment:

	G	roup	Cor	npany
	2022 RM'000	2021 RM′000	2022 RM'000	2021 RM′000
Year of Assessment :				
2035	-	3,113	-	-
2037	1,600	1,600	<u> </u>	
	1,600	4,713	<u> </u>	-

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

# 8. Other investments - Group

	2022 RM′000	2021 RM′000
Equity trust funds, at fair value		797

# 9. Inventories - Group

	2022 RM'000	2021 RM′000
Raw materials	195,554	181,954
Work-in-progress	16,990	13,645
Manufactured inventories	62,005	56,322
Trading inventories	10,297	5,608
	284,846	257,529
Recognised in profit or loss :		
Inventories recognised as cost of sales	1,178,794	1,027,019
Inventories written down (included in cost of sales)	567	832

# 9.1 Judgement and assumptions in relation to valuation of inventories

The management reviews inventories for obsolescence and decline in net realisable value to below cost. The review involves judgements made over future consumption and selling price. Possible changes to these estimates could result in a revision to the carrying amount of the Group's inventories and profit or loss.

# 10. Trade and other receivables

			Group		Company
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Trade					
Prepayments	10.1	22,161	42,730	4,954	-
Current					
Trade					
Trade receivables	10.2	268,849	239,010	39,660	37,607
Amount due from an associate	10.3	4,974	7,185		
		273,823	246,195	39,660	37,607
Non-trade					
Other receivables		8,104	9,386	_	_
Amount due from subsidiaries		-	-	24,015	7,897
Dividend receivable from					7,400
subsidiaries Deposits	10.4	- 2,413	3,187	700 10	7,690 10
Prepayments		6,254	3,925	3	3
		16,771	16,498	24,728	15,600
		290,594	262,693	64,388	53,207
		312,755	305,423	69,342	53,207

# 10.1 Prepayments

The non-current prepayments of the Group and the Company are for the purchase of property, plant and equipment.

#### 10.2 Trade receivables

Included in trade receivables of the Group is RM638,000 (2021 : RM419,000) due from a company in which a Director has a substantial financial interest and subject to normal trade terms.

#### 10.3 Amount due from an associate

The trade amount due from an associate of the Group is subject to normal trade terms.

# 10.4 Deposits

Included in deposits of the Group is rental security deposit of RM109,000 (2021 : RM126,000) held by a related party.

# 11. Cash and cash equivalents

		Gr	oup	Comp	oany
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Cash and bank balances		260,032	172,145	93,015	19,275
Short term investment funds	11.1	128	120,739	-	74,200
Fixed deposits with licensed banks		13,795	<u> </u>	<u> </u>	
		273,955	292,884	93,015	93,475

# 11.1 Short term investment funds

Short term investment funds represent investments in money market and cash management funds which can be redeemed within a period of less than 31 days.

# 12. Share capital - Group/Company

	20	)22	20	21
	Amount RM'000	Number of shares ′000	Amount RM'000	Number of shares '000
Issued and fully paid ordinary shares with no par value classified as equity instruments :				
At 1 January	246,454	387,134	237,089	380,785
Exercise of share options into ordinary shares	9,062	6,144	9,365	6,349
At 31 December	255,516	393,278	246,454	387,134

# 12.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

#### 13. Reserves

		Gro	oup	Comp	any
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-distributable					
Translation reserve	13.1	28,254	26,779	-	-
Statutory reserve	13.2	4,141	4,141	-	-
Treasury shares	13.3	(5,135)	(5,135)	(5,135)	(5,135)
Fair value reserve	13.4	(567)	(567)	(567)	(567)
Share options reserve	13.5	3,017	3,017	3,017	3,017
Distributable					
Retained earnings		535,834	459,111	28,591	26,079
		565,544	487,346	25,906	23,394

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

#### 13.1 Translation reserve

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

# 13.2 Statutory reserve

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

# 13.3 Treasury shares

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

During the financial year ended 31 December 2021, the Company repurchased its issued ordinary shares from the open market as follows (2022 : no shares were repurchased) :

		•	<pu< th=""><th>rchase price<sup>(N</sup></th><th>11)&gt;</th></pu<>	rchase price <sup>(N</sup>	11)>
	No. of shares '000	Cost RM'000	Highest RM	Lowest RM	Average RM
2022					
At beginning of financial year/at end of financial year	2,806	5,135	2.07	1.23	1.83
2021					
At beginning of financial year	944	1,305	1.57	1.23	1.38
Purchased during the financial year	1,862	3,830	2.07	1.96	2.06
At end of financial year	2,806	5,135	2.07	1.23	1.83

#### 13. Reserves (Cont'd)

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

The repurchase transactions were financed by internally generated funds. The repurchased ordinary shares of the Company were held as treasury shares and no shares were reissued during the year (2021 : Nil).

#### 13.4 Fair value reserve

Fair value reserve represents the cumulative net change in the fair value of financial assets recognised in other comprehensive income until the investments are derecognised or impaired.

#### 13.5 Share options reserve

The share options reserve represents the fair value of the share options granted to eligible Directors and employees of the Group and the Company as disclosed in Note 23.

# 14. Loans and borrowings

		Group	Co	ompany
	2022 RM′000	2021 RM'000	2022 RM′000	2021 RM'000
Non-current :				
Secured				
- Revolving credit	-	423	-	-
Unsecured				
- Revolving credit	26,244	24,430	-	_
- Term loans	31,401	39,495	-	-
	57,645	63,925	-	-
Hire purchase creditors	1,010	952		
	58,655	65,300	-	-
Current :				
Secured				
- Term loans	-	2,614	-	_
- Revolving credit	444	2,540	-	-
	444	5,154		
Unsecured				
- Term loans	27,789	19,299	-	_
- Revolving credit	11,651	8,426	-	-
- Bank overdrafts	594	227	-	-
- Bankers' acceptances	3,532	4,756	-	-
- Onshore foreign currency loans	120,095	82,561	-	-
	163,661	115,269	-	-
Hire purchase creditors	649	538		
	164,754	120,961	-	-
Total loans and borrowings	223,409	186,261	-	

# 14. Loans and borrowings (Cont'd)

# 14.1 Securities - Group

The secured loans and borrowings of the Group are secured by corporate guarantee from the Company and fixed charges over plant and machinery of certain subsidiaries for which the facilities were extended to (Note 3.2).

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

A BOO	Net Hire changes At 1 purchase/ from January new lease financing 2021 obtained cash flows RM'000 RM'000	Net changes N from financing cash flows	At 31 Movement December in 2021/ exchange 1 January rates 2022 RM'000 RM'000	At 31 December 2021/ 1 January 2022 RM'000	At 31 Hire 2021/ purchase/ 1 January new lease 2022 obtained RM'000 RM'000	Net changes from financing cash flows RM'000	Remeasurement Derecognition of leases of leases RM′000 RM′000		Movement At 31 in At 31 exchange December rates 2022 RM'000 RM'000	At 31 December 2022 RM′000
49,115	1	10,968	1,325	61,408	ı	(4,224)	1	1	2,006	59,190
1,674 6	671	(855)	ı	1,490	790	(621)	ı	ı	ı	1,659
59,341	į	23,427	(207)	82,561	ı	37,120	,	1	414	120,095
2,463	1	2,293	1	4,756	1	(1,224)	1	1	ı	3,532
32,520	1	3,790	(491)	35,819	1	2,289	,	ı	231	38,339
7. 777,2	793	(1,081)	ı	2,489	743	(1,193)	2,525	(1,465)	ı	3,099
147,890 1,4	1,464	38,542	627	188,523	1,533	32,147	2,525	(1,465)	2,651	225,914
	١									

# 15. Provision

	Financial guaran	tees (Note 30.4)
	2022 RM′000	2021 RM′000
Company		
At 1 January	1,460	1,735
Reversal during the year	(460)	(275)
At 31 December	1,000	1,460

# 16. Trade and other payables

			Group		Company
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade payables	16.1	142,851	182,897	11,775	7,145
Non-trade	Г				
Amount due to related parties	16.2	431	948	-	-
Other payables		14,070	19,035	64	63
Accrued expenses		20,989	21,364	395	688
	L	35,490	41,347	459	751
Dividend payable		4,881	4,804	4,881	4,804
	-	183,222	229,048	17,115	12,700

# 16.1 Trade payables

Included in trade payables of the Group is RM3,443,000 (2021 : RM2,248,000) due to companies in which certain Directors have a substantial financial interest and is subject to normal trade terms.

# 16.2 Amount due to related parties

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

# 17. Contract liabilities - Group

	2022 2021 2000 RM'000
Contract liabilities 2	, <b>124</b> 4,242

The contract liabilities comprise advance consideration received from customers for which the Group has yet to transfer the goods or provided services to the customers. The contract liabilities are expected to be recognised as revenue in the following financial year.

The changes to contract liabilities during the period are as follows:

	2022 RM'000	2021 RM'000
Contract liabilities at beginning of the period recognised as revenue during the year	(4,242)	(4,138)
Advances received during the year	2,124	4,242

#### 18. Revenue

		Group	С	Company	
	2022 RM'000	2021 RM′000	2022 RM'000	2021 RM'000	
Revenue from contracts with customers	1,386,523	1,214,944	422	127	
Dividend income from subsidiaries	<u>-</u>		25,664	20,744	
_	1,386,523	1,214,944	26,086	20,871	

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

# 18. Revenue (Cont'd)

# 18.1 Disaggregation of revenue

	<	Grou	p	>
			<company></company>	
	Plastic products <sup>(1)</sup> RM'000	Packaged food, beverages and other consumable products <sup>(1)</sup> RM'000	Petroleum products <sup>(1)</sup> RM'000	Total RM′000
2022				
Primary geographical markets				
- Malaysia	228,964	106,421	422	335,807
- Others Asian countries (2)	500,139	7,964	-	508,103
- Oceania <sup>(3)</sup>	203,155	184	-	203,339
- Europe <sup>(4)</sup>	194,676	-	-	194,676
- North America <sup>(5)</sup>	121,012	-	-	121,012
- Others	23,586	-	-	23,586
	1,271,532	114,569	422	1,386,523
Timing and recognition				
- At a point in time	1,271,532	114,569	422	1,386,523

including incidental freight and forwarding services undertaken by the Group and the Company in relation to products sold, where applicable.

comprising mainly Japan, People's Republic of China, Korea, Indonesia, Philippines, Singapore, Thailand, Vietnam, Saudi Arabia and United Arab Emirates.

comprising Australia, New Zealand, Papua New Guinea and Fiji Island. comprising mainly England, Germany, Spain, Belgium, Czech Republic, Italy, Lithuania, Portugal, Netherlands, Denmark and Serbia.

<sup>(5)</sup> comprising United States of America, Mexico, Canada and West Indies.



# 18. Revenue (Cont'd)

# 18.1 Disaggregation of revenue (Cont'd)

	<	Grou	p	>
			<company></company>	
	Plastic products <sup>(1)</sup> RM'000	Packaged food, beverages and other consumable products <sup>(1)</sup> RM'000	Petroleum products <sup>(1)</sup> RM'000	Total RM'000
2021				
Primary geographical markets				
- Malaysia	184,956	89,326	127	274,409
- Others Asian countries (2)	486,772	7,527	-	494,299
- Oceania <sup>(3)</sup>	182,880	120	-	183,000
- Europe <sup>(4)</sup>	147,812	267	-	148,079
- North America <sup>(5)</sup>	95,195	-	-	95,195
- Others	19,935	27	-	19,962
	1,117,550	97,267	127	1,214,944
Timing and recognition				
- At a point in time	1,117,550	97,267	127	1,214,944

including incidental freight and forwarding services undertaken by the Group and the Company in relation to products sold, where applicable.

(3) comprising Australia, New Zealand, Papua New Guinea and Fiji Island.

(5) comprising United States of America, Mexico, Canada and West Indies.

comprising mainly Japan, People's Republic of China, Korea, Indonesia, Philippines, Singapore, Thailand, Vietnam, Saudi Arabia and United Arab Emirates.

<sup>(4)</sup> comprising mainly England, Germany, Spain, Belgium, Czech Républic, Italy, Lithuania, Portugal, Netherlands, Denmark and Serbia.

# 18. Revenue (Cont'd)

# 18.2 Nature of goods

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

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

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

# 19 Results from operating activities

Results from operating activities are arrived at after charging/(crediting):

	Gre	oup	Comp	oany
	2022 RM′000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration				
- Audit fees				
- KPMG PLT	302	242	50	40
- Other auditors	83	82	-	-
- Non-audit fees				
- KPMG PLT	8	6	8	6
- Overseas affiliates of KPMG	55	45	55	45
- Local affiliate of KPMG PLT	71	73	17	7
Material expenses/(income)				
Directors' emoluments				
Directors of the Company				
- fees	580	604	300	320
- remuneration	3,986	3,694	227	190
<ul> <li>contributions to Employees' Provident Fund</li> </ul>	211	192	27	23
- others	221	227	221	227
Other Directors				
- fees	158	136	-	-
- remuneration	1,230	1,018	-	-
<ul> <li>contributions to Employees' Provident Fund</li> </ul>	80	58	-	-
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others	76,769	69,444	-	-
- Contributions to state plans	5,911	4,826	-	-
Share-based payments (Note 23)	2,120	2,291	411	411
Loss on foreign exchange				
- realised	5,484	4,767	-	414
- unrealised	6,057	812	225	-
Gain on foreign exchange				
- realised	(617)	(763)	(308)	-
- unrealised	(89)	(3,190)	-	(981)
Government grants (Note a)	(413)	(2,457)	<u> </u>	-

# 19. Results from operating activities (Cont'd)

Results from operating activities are arrived at after charging/(crediting) (Cont'd):

		Group	c	Company
	2022 RM'000	2021 RM′000	2022 RM'000	2021 RM′000
Expenses/(Income) arising from leases				
Expenses relating to short term leases (Note b)	1,198	1,241	-	-
Expenses relating to leases of low-value assets (Note b)	70	69	-	-
Rental income from property and machinery	(4)	(14)	(600)	(250)
Net (gain)/loss on impairment of financial instruments				
Impairment loss/(Reversal of impairment) on trade and other receivables	(10)	279	(342)	(42)
Reversal of provision for corporate guarantee		-	(460)	(275)
Fair value loss on other investments	33	3	-	-
	23	282	(802)	(317)

# Note a

The Group received government grants as wages subsidies to retain local employees during the approved period of economic uncertainty bought about by the coronavirus (Covid-19) outbreak. The grants were recognised as other income in profit or loss.

#### Note b

The Group leases machinery and equipment, motor vehicles and hostels with contract terms of 1 year or shorter. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise the right-of-use assets and lease liabilities for these leases.

#### Note c

The estimated monetary value of Directors' benefits-in-kind of the Group and the Company amounted to RM66,020 (2021 : RM69,650) and RM9,900 (2021 : RM9,900) respectively.



# 20. Key management personnel compensation

The key management personnel compensation are as follows :

		Group	C	Company
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Directors of the Company				
- Fees	440	444	160	160
- Remuneration	3,986	3,694	227	190
- Contributions to Employees' Provident Fund	211	192	27	23
- Estimated value of benefits-in-kind	35	32	10	10
- Share-based payments	411	411	411	411
	5,083	4,773	835	794
Other Directors				
- Remuneration	233	227		
	5,316	5,000	835	794

# 21. Finance costs - Group

	G	roup
	2022 RM'000	2021 RM′000
Interest expense on : - financial liabilities that are not at fair value through profit or loss	5,068	1,804
- lease liabilities	96	80
	5,164	1,884

# 22. Tax expense

Major components of tax expense include :

		Group	(	Company
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense				
- Current year	17,831	12,190	201	-
- Prior year	(483)	(546)	-	-
Total current tax	17,348	11,644	201	-

# 22. Tax expense (Cont'd)

Major components of tax expense include (Cont'd) :

	Gr	oup	Со	mpany
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax expense				
- Origination of temporary differences	6,606	15,715	-	-
- Prior year	(1,180)	(153)	-	-
Total deferred tax	5,426	15,562		
Total tax expense recognised in profit	00 774	27.207	204	
or loss	22,774	27,206	201	

# Reconciliation of tax expense

	Gı	oup	Comp	any
	2022 RM′000	2021 RM′000	2022 RM′000	2021 RM′000
Group				
Profit for the year	101,661	98,012	25,737	21,260
Total tax expense	22,774	27,206	201	
Profit excluding tax	124,435	125,218	25,938	21,260
Income tax calculated using Malaysian tax rate of 24%	29,864	30,052	6,225	5,102
Effect of higher tax rate in foreign jurisdictions	531	412	-	-
Non-deductible expenses	2,846	2,261	434	252
Income not subject to tax	(398)	(483)	(6,436)	(5,319)
Tax incentives	(7,026)	(3,403)	-	-
Effect of share of profit of equity accounted associate	(200)	(121)	-	-
Effect of unrecognised deferred tax assets	-	8		-
Utilisation of previously unrecognised deferred tax assets	(1,121)	-	(121)	(35)
Others	(59)	(821)	99	-
Over provision in prior years	(1,663)	(699)	<u> </u>	
Tax expense	22,774	27,206	201	

# 23. Employee benefits - Group/Company

# Share-based payments arrangement

The Company granted share options to eligible Executive Directors and employees of the Group to purchase shares in the Company under the Employees' Share Option Scheme ("ESOS") approved by the shareholders at an Extraordinary General Meeting of the Company held on 18 April 2019.

The ESOS shall be in force for a duration of 5 years from 3 July 2019.

The terms and conditions related to the grants of the share options are as follows; all options are to be settled by physical delivery of shares in the Company:

	Number o	f options		Exercise price	e (RM/Share)
	Originally granted ('000)	After bonus issue <sup>(1)</sup> ('000)	Vesting period	Before bonus issue	After bonus issue
Granted on 3 July 2019 :					
- Tranche 1	3,499	604	7 August 2019 to 6 August 2020	2.26	1.13
- Tranche 2	4,327	2,742	7 August 2020 to 6 August 2021	2.26	1.13
- Tranche 3	4,327	8,418	7 August 2021 to 6 August 2022	2.26	1.13
- Tranche 4	4,327	8,418	7 August 2022 to 6 August 2023	2.26	1.13
- Tranche 5	4,327	8,418	7 August 2023 to _ 2 July 2024	2.26	1.13
	20,807	28,600	_		

The movements of the ESOS during the year are as follows:

	Weighted average exercise price 2022	Number of options ('000) 2022	Weighted average exercise price 2021	Number of options ('000) 2021
Outstanding at 1 January	1.13	19,926	1.72	27,242
Forfeited during the year	1.13	(830)	1.13	(967)
Exercised during the year	1.13	(6,144)	1.13	(6,349)
Outstanding at 31 December	1.13	12,952	1.13	19,926
Vested and outstanding at 31 December		5,892		4,448

# 23. Employee benefits - Group/Company (Cont'd)

# Share-based payments arrangement (Cont'd)

The fair value of services received in return for the ESOS granted is based on the fair value of share options granted, measured using the Trinomial Option Pricing Model, with the following inputs:

	2022 RM′000	2021 RM'000
Fair value of share options and assumptions		
Fair value at grant date	0.345	0.345
Weighted average share price	2.53	2.53
Share price at grant date	2.26	2.26
Option life	5 years	5 years
Expected volatility	31.15%	31.15%
Expected dividends	3.15%	3.15%
Risk-free interest rate (based on Malaysian government bonds)	3.44%	3.44%

#### Value of employee services received for issue of share options

		Group	C	ompany
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM′000
Share options reserve recognised	2,120	2,291	2,120	2,291
Less: Allocation of expense to subsidiaries	-	-	(1,709)	(1,880)
Total expense recognised in profit or loss	2,120	2,291	411	411

The share options expense re-charged to the subsidiaries benefiting from the services of the employees is not recognised in the profit or loss of the Company.

# 24. Earnings per ordinary share - Group

# Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders of RM99,948,000 (2021: RM92,876,000) and on the weighted average number of ordinary shares outstanding during the year of 386,495,000 (2021: 380,339,000) calculated as follows:

	2022 ′000	2021 ′000
Issued ordinary shares at 1 January	387,134	380,785
Effect of ESOS exercised during the year	2,167	2,050
Effect of treasury shares repurchased	(2,806)	(2,496)
Weighted average number of ordinary shares at 31 December	386,495	380,339
Basic earnings per ordinary share (sen)	25.86	24.42

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# 24. Earnings per ordinary share - Group (Cont'd)

# Diluted earnings per ordinary share

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

	2022 RM′000	2021 RM′000
Profit attributable to ordinary shareholders (basic & diluted)	99,948	92,876
	2022 ′000	2021 ′000
Weighted average number of ordinary shares at 31 December (basic)  Effect of exercise of ESOS	386,495 7,035	380,339 11,365
Weighted average number of ordinary shares at 31 December (diluted)	393,530	391,704
Diluted earnings per ordinary share (sen)	25.40	23.71

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

# 25. Dividends - Group and Company

Dividends recognised by the Company:

	Sen per share	RM'000	Date of payment
2022			
- Fourth 2021 interim dividend	2.25	8,662	18 April 2022
- First 2022 interim dividend	1.25	4,820	18 July 2022
- Second 2022 interim dividend	1.25	4,862	18 October 2022
- Third 2022 interim dividend	1.25	4,881	18 January 2023
2021		23,225	
- Final 2020 dividend	1.50	5,682	19 July 2021
- First 2021 interim dividend	1.00	3,788	18 August 2021
- Second 2021 interim dividend	1.00	3,832	18 November 2021
- Third 2021 interim dividend	1.25	4,804	19 January 2022
		18,106	

#### 25. Dividends - Group and Company (Cont'd)

A fourth interim dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 December 2022 was declared on 28 February 2023 and paid on 18 April 2023. As the dividend was declared subsequent to the financial period, the dividend will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2023.

#### 26. Capital commitments

	Gro	oup	Comp	oany
	2022 RM′000	2021 RM′000	2022 RM'000	2021 RM'000
Contracted but not provided for				
- Property, plant and equipment	67,940	64,709	30,600	-

#### 27. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt to equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratio of the Group are as follows:

	2022 RM′000	2021 RM′000
Total loans and borrowings (Note 14)	(223,409)	(186,261)
Less : Cash and cash equivalent (Note 11)	273,955	292,884
Net cash and cash equivalents	50,546	106,623

The Group is in net cash and cash equivalents position at the end of the financial period. Hence, debt-to-equity ratio has not been presented.

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

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

#### 28. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Plastic products
- Food, beverages and other consumable products

Other non-reportable segment comprises investment holding and the Company acting as agent for the sales of petroleum products. None of these segments met the quantitative thresholds for reporting segments.

Performance is measured based on segment profit or loss before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit or loss is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.



# 28. Operating segments (Cont'd)

# Segment assets

The total of segment assets is measured on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets are used to measure the return on assets of each segment.

# Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

# Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and investment properties.

Operating segments (Cont'd)

	Plastic products	tic ucts	Food, beverages and other consumable products	ages and umable cts	Others	ž	Consolidated	dated
	2022 RM′000	2021 RM'000	2022 RM′000	2021 RM′000	2022 RM′000	2021 RM′000	2022 RM′000	2021 RM'000
Profit/(Loss) before share of after tax results of equity-accounted associate	116,119	119,408	8,080	5,401	(266)	(96)	123,600	124,713
Share of profit of equity-accounted associate, net of tax	835	202	•		•	1	835	502
Segment profit/(loss)	116,954	119,913	8,080	5,401	(299)	(96)	124,435	125,218
Included in the measure of segment profit/(loss) are :								
- Revenue from external customers	1,271,532	1,117,550	114,569	97,267	422	127	1,386,523	1,214,944
- Write-down of inventories	53	36	514	962	•	1	267	832
- Depreciation and amortisation	29,368	28,125	1,413	2,045	288	336	31,369	30,506
Segment assets	1,072,686	1,003,022	69,974	58,910	161,746	155,826	1,304,406	1,217,758
Included in the measure of segment assets are :								
- Investment in an associate	3,719	2,580	•	ı	•	ı	3,719	2,580
- Additions of property, plant and equipment, investment properties and right-of-use assets	103,077	61,648	2,057	1,269	•	17,874	105,134	80,791

# 28. Operating segments (Cont'd)

# **Geographical segments**

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

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments, investment in an associate and deferred tax assets.

#### Geographical information

	2022 RM'000	2021 RM'000
Revenue		
- Malaysia	335,807	274,409
- Others Asian countries (1)	508,103	494,299
- Oceania <sup>(2)</sup>	203,339	183,000
- Europe <sup>(3)</sup>	194,676	148,079
- North America <sup>(4)</sup>	121,012	95,195
- Others	23,586	19,962
	1,386,523	1,214,944

comprising mainly Japan, People's Republic of China, Korea, Indonesia, Philippines, Singapore, Thailand, Vietnam, Saudi Arabia and United Arab Emirates.

<sup>(4)</sup> comprising United States of America, Mexico, Canada and West Indies.

	2022 RM'000	2021 RM′000
Non-current assets		
Malaysia	404,246	355,132
People's Republic of China	27,591	28,779
Vietnam	4,135	3,556
Myanmar	6,733	6,556
Thailand	2,505	2,516
Europe	1,671	
	446,881	396,539

#### **Major customers**

The Group did not have any individual customer that contributed to more than 10% of the Group's revenue.

<sup>(2)</sup> comprising Australia, New Zealand, Papua New Guinea and Fiji Island.

comprising mainly England, Germany, Spain, Belgium, Czech Republic, Italy, Lithuania, Portugal, Netherland, Denmark and Serbia.

#### 29. Related parties

#### 29.1 Identity of related parties

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

- i) Subsidiaries and associate as disclosed in Note 5 and Note 6.
- ii) Companies in which certain Directors are deemed to have a substantial financial interest :
  - Kimanis Food Industry Sdn. Bhd.
  - Kimanis Property Sdn. Bhd.Sensible Matrix Sdn. Bhd.

  - Foremost Equals Sdn. Bhd.
  - T.G. Plastic Pack (Export) Sdn. Bhd.
- Substantial shareholder of a subsidiary
  - Landblue Co. Ltd.
- iv) Companies in which close family members of certain Directors of the Group are deemed to have a substantial financial interest:
  - Bounty Values Sdn. Bhd.
  - Fang Thong Trading
- Foundation in which a Director of the Company is a key management personnel.
  - Thong Guan Foundation
- Key management personnel 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.

#### 29.2 Significant related party transactions

Related party transactions were entered in the normal course of business and have been established under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 16 to the financial statementss.

#### 29.2.1 Transactions with subsidiaries:

	2022 RM′000	2021 RM'000
Company		
Dividend income (gross)	25,664	20,744
Rental income	600	250
Interest income	73	75
ESOS expense charged to	1,709	1,880

# 29. Related parties (Cont'd)

29.2 Significant related party transactions (Cont'd)

29.2.2 Transactions with an associate:

	2022 RM'000	2021 RM′000
Group		
Sales	49,631	71,252
Technical services expense	1,205	441
29.2.3 Transactions with a substantial shareholder of a subsidiary :		
	2022 RM'000	2021 RM′000

	2022 RM'000	2021 RM′000
Group		
Sales	4,073	3,772
Purchases	1,639	9,911

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

	2022 RM′000	2021 RM′000
Group		
Sales	2,230	1,652
Purchases	10,769	7,230
Rental expense	80	78

29.2.5 Transactions with companies in which close family members of certain Directors of the Group are deemed to have a substantial financial interest :

	2022 RM'000	2021 RM'000
Group		
Purchases	587	478
Rental expense	992	875

29.2.6 Transaction with a foundation in which a Director of the Company is a key management personnel.

	2022 RM′000	2021 RM'000
Group/Company		
Donation	1,000	

#### 29. Related parties (Cont'd)

29.3 There were no transactions with the Directors and key management personnel of the Group and the Company other than the remuneration paid to them in accordance to the terms of their appointment as disclosed in Note 20.

#### 30. Financial instruments

#### 30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and fair value through profit or loss - Designated upon initial recognition ("FVTPL-DUIR") are as follows:

	Carrying amount RM'000	AC RM'000	FVTPL-DUIR RM'000
2022			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	284,340	284,340	-
Cash and cash equivalents	273,955	273,955	-
	558,295	558,295	<u>-</u>
Company			
Trade and other receivables (excluding prepayments)	64,385	64,385	
Cash and cash equivalents	93,015	93,015	
	157,400	157,400	
Financial liabilities			
Group			
Loans and borrowings	223,409	223,409	-
Trade and other payables (excluding dividend payable)	178,341	178,341	<u>-</u>
	401,750	401,750	
Company			
Provision	1,000	1,000	-
Trade and other payables (excluding dividend payable)	12,234	12,234	
	13,234	13,234	

#### 30. Financial instruments (Cont'd)

#### 30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000	FVTPL-DUIR RM'000
2021			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	258,768	258,768	-
Cash and cash equivalents	292,884	292,884	-
Other investments	797		797
	552,449	551,652	797
Company			
Trade and other receivables (excluding prepayments)	53,204	53,204	_
Cash and cash equivalents	93,475	93,475	-
	146,679	146,679	_
Financial liabilities			
Group			
Loans and borrowings	186,261	186,261	-
Trade and other payables (excluding dividend payable)	224,244	224,244	<u>-</u>
	410,505	410,505	<u>-</u>
Company			
Provision	1,460	1,460	-
Trade and other payables (excluding dividend payable)	7,896	7,896	
	9,356	9,356	

#### 30. Financial instruments (Cont'd)

#### 30.2 Net gains and losses arising from financial instruments

	Gre	oup	Com	npany
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (losses)/gains on :				
Financial assets at amortised cost	(6,725)	1,932	850	2,134
Financial liabilities at amortised cost	(7,719)	(2,431)	460	275
Fair value through profit or loss :				
- Change in fair value of other investments	-	(3)	-	-
- Loss on disposal of other investments	(33)	<u> </u>	<u> </u>	
	(14,477)	(502)	1,310	2,409

#### 30.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises from the individual characteristics of each customer. The Company's exposure to credit risk also arises from advances to subsidiaries and financial guarantees given to banks and suppliers for credit facilities granted to subsidiaries. There are no significant changes as compared to prior year.

#### Trade receivables

Risk management objectives, policies and processes for managing the risk

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

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

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

There are no significant changes as compared to prior year.

Exposure to credit risk, credit quality and collateral

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

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk( Cont'd)

#### Trade receivables (Cont'd)

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

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

	2022 RM′000	2021 RM′000
Group		
Malaysia	96,580	88,319
Other Asian countries	38,194	31,399
Oceania	32,634	26,327
Europe	54,071	33,200
North America	41,273	44,330
Others	11,071	22,620
	273,823	246,195

The trade receivables as at the end of the reporting period of the Company is confined to Malaysia.

Recognition and measurement of impairment loss

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

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

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

	Gross RM'000	Loss allowances RM'000	Net RM'000
2022			
Group			
Not past due	154,814	-	154,814
Past due 1 - 30 days	43,571	-	43,571
Past due 31 - 60 days	16,703	-	16,703
Past due 61 - 90 days	13,449	-	13,449
Past due more than 90 days	45,286	-	45,286
	273,823	-	273,823
Credit impaired			
Individually impaired	10,710	(10,710)	-
	284,533	(10,710)	273,823

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross RM'000	Loss allowances RM'000	Net RM'000
2022			
Company			
Not past due	11,893	-	11,893
Past due 1 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	-	-	-
Past due more than 90 days	27,767	-	27,767
	39,660	-	39,660
Credit impaired			
Individually impaired	32	(32)	
	39,692	(32)	39,660
2021			
Group			
Not past due	157,757	-	157,757
Past due 1 - 30 days	42,074	-	42,074
Past due 31 - 60 days	11,341	-	11,341
Past due 61 - 90 days	2,369	-	2,369
Past due more than 90 days	32,654	-	32,654
	246,195	-	246,195
Credit impaired			
Individually impaired	10,720	(10,720)	
	256,915	(10,720)	246,195

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross RM′000	Loss allowances RM'000	Net RM'000
2021			
Company			
Not past due	7,217	-	7,217
Past due 1 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	-	-	-
Past due more than 90 days	30,390	-	30,390
	37,607	-	37,607
Credit impaired			
Individually impaired	33	(33)	
	37,640	(33)	37,607

The past due trade receivables of the Company are collateralised by a personal guarantee received from a Director of the customer. Subsequent to the end of the reporting period, the Company has received payments for the past due balances from the said customer. Accordingly, the Directors are of the opinion that no impairment loss allowance is necessary.

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

	Credit impaired	
	2022 RM'000	2021 RM'000
Group		
Balance at 1 January	10,720	10,501
Reversal of loss allowance	(23)	(28)
Amount written off	-	(81)
Loss allowance provided	13	328
Balance at 31 December	10,710	10,720

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Credit in	npaired
	2022 RM'000	2021 RM′000
Company		
Balance at 1 January	33	36
Reversal of loss allowance	(1)	(3)
Balance at 31 December	32	33

#### Cash and cash equivalents

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

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### Other receivables

Credit risks on other receivables are mainly arising from deposits paid for rental and utilities and other receivables arising from the Group's normal course of operations which the Directors regard to be of low credit risk.

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

#### Inter-company advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Recognition and measurement of impairment loss

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

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

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

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

#### Inter-company advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
2022			
Low credit risk	24,015	-	24,015
Credit impaired	3,050	(3,050)	<u> </u>
	27,065	(3,050)	24,015
2021			
Low credit risk	7,897	-	7,897
Credit impaired	3,391	(3,391)	
	11,288	(3,391)	7,897

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

	<	
	2022 RM′000	2021 RM'000
Company		
Balance at 1 January	3,391	3,391
Net measurement of loss allowance	(341)	
Balance at 31 December	3,050	3,391

#### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

#### Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and corporate guarantees to vendors for the purchase of raw materials. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk relating to facilities granted for the subsidiaries as at the end of the reporting period are as follows:

- i) the Company has issued corporate guarantees for banking facilities granted to certain subsidiaries up to a limit of RM896.4 million (2021: RM660.2 million) of which RM233.8 million (2021: RM192.3 million) have been utilised as at the end of the reporting period.
- ii) the Company has issued corporate guarantees amounting to RM241.5 million (2021 : RM231.7 million) to vendors for the purchase of raw materials by certain subsidiaries. The amount owing by the subsidiaries as at the end of the reporting period amounted to RM67.2 million (2021 : RM63.9 million).

Recognition and measurement of impairment loss

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

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

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

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

	2022 RM′000	2021 RM′000
Company		
Balance at 1 January	1,460	1,735
Reversal of loss allowance	(460)	(275)
Balance at 31 December	1,000	1,460

#### 30.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and banking facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

# 30. Financial instruments (Cont'd)

## 30.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates/ discount rate per annum	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM′000
Group							
2022							
Non-derivative financial liabilities							
Term loans	59,190	1.50 - 5.45	61,615	29,055	18,788	13,772	•
Hire purchase creditors	1,659	2.10 - 6.18	1,789	719	554	516	•
Bank overdrafts	594	6.49	594	594		•	•
Onshore foreign currency loans	120,095	2.15 - 6.05	120,095	120,095		•	•
Bankers' acceptances	3,532	2.85 - 5.25	3,532	3,532		•	•
Revolving credit	38,339	0.97 - 5.85	39,820	13,245	11,645	14,930	•
Lease liabilities	3,099	3.00 - 3.50	3,234	1,335	1,283	616	•
Trade and other payables (excluding dividend payable)	178,341		178,341	178,341		•	•
	404,849	I	409,020	346,916	32,270	29,834	

# 30. Financial instruments (Cont'd)

## 30.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM′000	Contractual interest rates/ discount rate per annum %	Contractual cash flows RM′000	Under 1 year RM'000	1 - 2 years RM′000	2 - 5 years RM′000	More than 5 years RM′000
Group							
2021							
Non-derivative financial liabilities							
Term loans	61,408	1.15 - 1.85	62,857	23,355	18,445	21,057	ı
Hire purchase creditors	1,490	2.42 - 5.98	1,615	603	487	525	•
Bank overdrafts	227	6.49 - 6.74	227	227	1	1	•
Onshore foreign currency loans	82,561	0.40 - 1.02	82,561	82,561	1	1	•
Bankers' acceptances	4,756	1.91 - 3.60	4,756	4,756	ı	ı	1
Revolving credit	35,819	1.01 - 1.95	36,585	11,321	6,087	16,177	•
Lease liabilities	2,489	3.23 - 3.50	2,595	1,163	1,085	347	1
Trade and other payables (excluding dividend payable)	224,244	,	224,244	224,244		1	1
	412,994	•	415,440	348,230	29,104	38,106	1

# . Financial instruments (Cont'd)

## 30.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying	Contractual interest rates	Contractual		1.2	2 - 5	More than 5
	amount RM'000	%	cash flows RM′000	Under 1 year RM′000	years RM'000	years RM'000	years RM'000
Company							
2022							
Non-derivative financial liabilities							
Trade and other payables (excluding dividend payable)	12,234	•	12,234	12,234	•	•	,
Financial guarantees		• '	300,952	300,952		•	•
•	12,234	l	313,186	313,186		1	•
2021							
Non-derivative financial liabilities							
Trade and other payables (excluding dividend payable)	968′ L	I	968'1	968'1	ı	1	1
Financial guarantees	1	, 1	256,285	256,285	'	1	1
•	7,896	'	264,181	264,181	1	1	1

# 30. Financial instruments (Cont'd)

## 30.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

## **Currency risk**

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), Chinese Yuen ("RMB"), European Euro ("EUR") and Thai Baht ("THB").

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	JPY RM'000	AUD RM'000	SGD RM'000	EUR RM'000	RMB RM'000	THB RM'000	Total RM'000
Group								
<b>2022</b> Trade and other receivables	151,883	1,305	8,573	2,086	6,624	10,899	925	182,295
Cash and bank balances	82,071	528	•	111	8,211	21,932	601	113,454
Trade and other payables	(126,414)			(28)	(626)	(6,397)	(1,881)	(135,679)
Loans and borrowings	(106,248)	•	•	•	(111,375)		•	(217,623)
Net exposure	1,292	1,833	8,573	2,169	(97,499)	26,434	(355)	(57,553)
2021								
Trade and other receivables	150,326	864	4,962	1,342	096′8	16,818	1,469	184,741
Cash and bank balances	90,293	657	247	826	18,357	17,968	289	128,637
Trade and other payables	(103,534)	(315)	ı	(28)	(828)	(8,599)	(2,304)	(115,608)
Loans and borrowings	(142,527)	1	1	1	(37,260)	1	1	(179,787)
Net exposure	(5,442)	1,206	5,209	2,140	(10,771)	26,187	(546)	17,983

#### 30. Financial instruments (Cont'd)

#### 30.6 Market risk (Cont'd)

#### Currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

	USD RM'000
Company	
2022	
Cash and bank balances	122
2021	
Trade and other receivables	17,632
Cash and bank balances	863
Net exposure	18,495

Currency risk sensitivity analysis

A 10% (2021 : 10%) strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases. There is no impact to equity arising from exposure to currency risk.

	Profit o	or loss
	2022 RM'000	2021 RM'000
Group		
USD	(98)	414
JPY	(139)	(92)
AUD	(652)	(396)
SGD	(165)	(163)
EUR	7,410	819
RMB	(2,009)	(1,990)
THB	27	41
Company		
USD	(9)	(1,406)

A 10% (2021 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### 30. Financial instruments (Cont'd)

#### 30.6 Market risk (Cont'd)

#### Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group RM'000	Company RM'000
2022		
Fixed rate instruments		
Financial asset	13,923	-
Financial liabilities	(166,724)	
	(152,801)	
Floating rate instruments		
Financial liabilities	(59,784)	
2021		
Fixed rate instruments		
Financial asset	120,739	74,200
Financial liabilities	(127,115)	
	(6,376)	74,200
Floating rate instruments		
Financial liabilities	(61,635)	

#### 30. Financial instruments (Cont'd)

#### 30.6 Market risk (Cont'd)

#### Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

(i) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(ii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant. There is no impact to equity arising from exposures to interest rate risk.

	Profit	or loss
	100 bp increase RM'000	100 bp decrease RM'000
Group		
2022		
Floating rate instruments	(454)	454
2021		
Floating rate instruments	(468)	468

#### 30.7 Fair value information

Recognised financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

## Financial instruments (Cont'd) 30.

# 30.7 Fair value information (Cont'd)

Recognised financial instruments (Cont'd)

	Fair value	of financial instru at fair value	Fair value of financial instruments carried at fair value	carried	Fair value of	f financial instrum at fair value	Fair value of financial instruments not carried at fair value	ot carried	
	Level 1 RM′000	Level 2 RM′000	Level 3 RM'000	Total RM'000	Level 1 RM′000	Level 2 RM′000	Level 3 RM'000	Total RM'000	amount RM'000
Group									
2022									
Financial liabilities									
Term Ioans - Variable rate	•	٠		٠	٠	٠	59,190	59,190	59,190
Revolving credit	•	•	•	•	•	•	39,811	39,811	38,339
Hire purchase creditors	•					•	1,659	1,659	1,659
							100,660	100,660	99,188
2021									
Financial asset									
Non-current other investment	1	797	1	797	1	1	1	•	797
Financial liabilities									
Term Ioans - Variable rate	1	1	1	1	,	1	61,408	61,408	61,408
Revolving credit	ı	ı	ı	ı	ı	1	36,585	36,585	35,819
Hire purchase creditors	ı	1	1	1	1	1	1,490	1,490	1,490
	'	'	'	'	1	1	99,483	99,483	98,717

#### 30. Financial instruments (Cont'd)

#### 30.7 Fair value information (Cont'd)

Recognised financial instruments (Cont'd)

	Fair val	ue of financial i at fair	nstruments no value	t carried	Commina
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Company					
2022					
Financial liabilities					
Financial guarantee	<u>-</u>	<u>-</u>	1,000	1,000	1,000
2021					
Financial liabilities					
Financial guarantee	-		1,460	1,460	1,460

#### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

#### Level 3 fair value

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

The carrying amount of floating rate term loans approximates fair value as their effective interest rates change accordingly to movements in the market interest rate. The fair value of hire purchase creditors and revolving credits is calculated using discounted cash flows where the market rate of interest is determined by reference to similar borrowing arrangements.

#### 31. Significant events during the financial year

- 31.1 On 16 March 2022, Thong Guan Plastic & Paper Industries Sdn Bhd ("TGPP"), a wholly-owned subsidiary of the Company incorporated a wholly-owned subsidiary, TG Eurpore A/S ("TGE") in Denmark with a paid up capital of 400,000 Danish Krone (equivalent to RM248,000). TGE will act as the trading hub of the Group catering to customers in Denmark.
- 31.2 On 1 July 2022, TGPP entered into Share Purchase Agreements with Case Holding Aps ("COSE"), a company incorporated in Denmark to dispose of 20% equity interest in TGE to COSE for a total cash consideration of 150,000 Euro Dollar (equivalent to RM677,000) and acquired 20% equity interests in Techpac Solutions ApS ("TPS") from COSE for a total cash consideration of 200,000 Euro dollar (equivalent to RM909,000). Upon completion of the above, TGE became a 80% owned subsidiary of TGPP and TPS became an associate of TGPP.
- 31.3 On 19 October 2022, the Company incorporated a wholly-owned subsidiary, TG Development Sdn. Bhd. ("TGD") with a paid-up share capital of RM2 in Malaysia. The principal activity of TGD is property development.
- 31.4 On 25 October 2022, the Company and Spring Energy Sdn. Bhd. entered into a Sale and Purchase Agreement for the acquisition of a piece of freehold land in Gurun, Kedah for a total purchase consideration of RM34 million. RM3.4 million was paid for the acquisition as at 31 December 2022. The acquisition was completed in January 2023 where the Company has paid the remaining balance of the purchase consideration.



#### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 83 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors :
Dato' Ang Poon Chuan
Director
Ang See Ming
Director
Kedah Darul Aman
Date : 28 April 2023
STATUTORY DECLARATION
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016
I, <b>Ang See Ming</b> , the Director primarily responsible for the financial management of Thong Guan Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.
Subscribed and solemnly declared by the abovenamed <b>Ang See Ming</b> , NRIC: 700515-07-5691, at George Town in the State of Penang on 28 April 2023.
Ang See Ming
Before me :



#### TO THE MEMBERS OF THONG GUAN INDUSTRIES BERHAD

#### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Thong Guan Industries Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (on *Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Valuation of inventories

Refer to significant accounting policy at Note 2(g), Note 1(d) – use of estimates and judgements and Note 9 - Inventories.

#### The key audit matter

As at 31 December 2022, the carrying amount of the Group's inventories amounted to RM285 million (2021: RM258 million), representing 22% (2020: 21%) of the Group's total assets. The Group's inventories comprise mainly of plastic resins and a wide range of plastic packaging products for industrial and consumer use.

The selling price of the Group's manufactured inventories is subject to fluctuations in the underlying commodity (i.e. crude oil) price. Raw materials are also ordered to cater for current as well as expected future demand which may not materialise.

Inventories are required to be measured at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value require the use of judgement on the estimated selling price and future demand.

This is one of the areas that our audit focused on because it required us to design appropriate procedures to evaluate the judgement and assessments made by the Group.

#### How the matter was addressed in our audit

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

- Selected items of inventories on sampling basis and compared the carrying amount of the inventories to the selling price transacted after year end or recent sales transacted during the year;
- Tested the movements of the inventories in the inventory movement reports against receiving documents, production reports and delivery documents;
- Attended the year end physical inventory counts of the Group to identify any inventories that were damaged; and
- Evaluated the Group's basis of writing down slow-moving inventories based on the age of the inventories relative to past and present sales or consumption.



#### TO THE MEMBERS OF THONG GUAN INDUSTRIES BERHAD

#### How the matter was addressed in our audit (Cont'd)

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

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

#### Responsibiliti es of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.



#### TO THE MEMBERS OF THONG GUAN INDUSTRIES BERHAD

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

• Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

#### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT** (LLP0010081-LCA & AF 0758) Chartered Accountants

Penang

Date: 28 April 2023

Raymond Chong Chee Mon Approval Number: 03272/06/2024 J Chartered Accountant

## LIST OF PROPERTIES OWNED BY THE GROUP

Location	Description	Approximate Land Area (sq.ft.)	Age of Building	Tenure	Net Book Value RM million	Date of Valuation/ Acquisition
Lot No. P.T.18876, H.S.(D) No.98/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	107,288	24-26 years	60 years, leasehold, expiring on 12.4.2052	0.58	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	28 years	60 years leasehold, expiring on 12.4.2052	0.38	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	22 years	60 years leasehold, expiring on 4.6.2055	1.40	31.12.2004
Lot No. P.T.19449, Lot No. 950 H.S.(M) No. 249/92 and SP 4009 Mukim of Sungai Petani District of Kuala Muda, Kedah	Factories and office building	208,898	25-38 years	Freehold	4.51	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	20-40 years	Freehold	4.53	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	38 years	99 years leasehold, expiring on 18.7.2092	0.15	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	30 years	Freehold	0.47	31.12.2004
CL 015373672 Lorong Rambutan Off KM 11 Jln Tuaran Kota Kinabalu, Sabah	Factory and other buildings	82,764	34 years	60 years leasehold, expiring on 31.12.2035	1.35	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jln Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	44 years	999 years leasehold, expiring on 16.6.2914	0.08	13.12.1995
TL 077549707 Lot 13, Hock Seng Industrial Estate Jalan Bomba,Off KM 5 Jalan Utara Sandakan, Sabah	Double storey semi- detached light industrial building	5,670	31 years	60 years leasehold, expiring on 31.12.2040	0.15	13.12.1995
CL 105390707 KM4, Jalan Apas Tawau, Sabah	Vacant industrial land	37,462	-	999 years leasehold, expiring on 21.5.2930	0.29	13.12.1995
Jiangsu Province Year 2002 Land No: 01006061 Jiulong South Road, Wujiang Economic Developing Area, Jiangsu, People Republic of China	Factory with office buildings	315,425	17-21 years	50 years leasehold, expiring on 31.12.2049	2.88	01.01.2000

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

Location	Description	Approximate Land Area (sq.ft.)	Age of Building	Tenure	Net Book Value RM million	Date of Valuation/ Acquisition
Pangjin Road Wujiang Economic Developing Area, Jiangsu, People Republic of China	Factory buildings	716,876	17-18 years	50 years leasehold, expiring on 08.03.2053	4.67	09.03.2004
Lot No. 49, Section 65, H.S.(D) 95/92, Sungai Petani Industrial Estate, Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office buildings	138,822	17 years	60 years leasehold, expiring on 11.04.2052	3.14	18.05.2010
Lot No. PT2223, H.S. (M) 1365, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Factory with office building	278,785	22-23 Years	60 years leasehold, expiring on 4.7.2055	3.48	26.08.2011
Lot No. PT2574, H.S. (M) 2798, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Warehouse	83,689	18 years	60 years leasehold, expiring on 15.9.2050	0.59	26.08.2011
No. 12 VSIP II Street 9, Vietnam Singapore Industrial Park II, Ben Cat District, Binh Duong Province, Socialist Republic of Vietnam	Vacant industrial land	269,571	-	48 years leasehold, expiring on 30.11.2055	4.14	21.09.2007
Lot No.97, Seksyen 65, HSD 143/92 Mukim Sungai Petani, District of Kuala Muda, Kedah	Factory with office building	37,383	28 years	60 years leasehold, expiring on 23.11.2054	2.81	11.09.2014
Lot No. P.T.95008, H.S.(D) No.115280, Sungai Petani Industrial Estate, Mukim of Sungai Petani District of Kuala Muda, Kedah	Vacant industrial land	694,820	-	60 years leasehold, expiring on 03.04.2050	6.50	03.01.2017
Lot No. P.T.30500, H.S.(D) No.46326, Sungai Petani Industrial Estate, Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	161,836	19 years	60 years leasehold, expiring on 05.05.2055	6.30	30.12.2017
Lot BB2, Industrial Area, Zone B (Phase 1), Thilawa Special Economic Zone, Thanlyin, Yangon, Myanmar	Vacant industrial land	215,461	-	48 years leasehold, expiring on 09.02.2067	6.73	25.11.2019
Lot No. 50 H.S.(D) No. 97/92 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah	Factory with office building	64,346	25 years	60 years leasehold, expiring on 12.04.2052	3.53	09.12.2019
Lot 3964 Geran 165228, Mukim Teloi Kiri, Daerah Kuala Muda, Kedah	Factory with office building	772,203	22 years	Freehold	11.11	01.10.2021
Lot No: PT2996, HS(D) 114414 Mukim Teloi Kiri Daerah Kuala Muda, Kedah	Vacant industrial land	1,152,987	-	Freehold	6.33	01.10.2021
PT 95009, HS(D) 115281 Sungai Petani Industrial Estate Mukim of Sungai Petani District of Kuala Muda, Kedah.	Vacant industrial land	340,099	-	60 years, leasehold, expiring on 03.04.2050	7.77	01.04.2022

#### **ANALYSIS OF ORDINARY SHAREHOLDINGS**

#### AS AT 31 MARCH 2023

Total no. of issued share capital

- 391,378,840 ordinary shares (excluding 2,806,400 treasury shares)

Class of shares

- Ordinary shares

Voting rights

- One vote per ordinary share

#### **DISTRIBUTION OF SHAREHOLDINGS**

Size of shareholdings	No. of shareholders	No. of shares held	% of shareholding(*)
Less than 100	66	1,145	0.00
100 - 1,000	1,489	1,000,958	0.25
1,001 - 10,000	3,960	17,940,478	4.58
10,001 - 100,000	1,355	41,128,197	10.51
100,001 - 19,568,941	244	182,564,312	46.65
19,568,942 - 391,378,840	1	148,743,750	38.01
TOTAL	7,115	391,378,840	100.00

<sup>(\*)</sup> excluding 2,806,400 treasury shares.

#### **INTERESTS OF DIRECTORS**

	Direct Interest		Indirect Intere	No. of unexercised	
	No. of shares	% <sup>(*)</sup>	No. of shares	% <sup>(*)</sup>	ESOS options
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-	-
Dato' Ang Poon Chuan	2,469,408	0.63	1,190,566 <sup>(a)</sup>	0.30	766,000
Dato' Ang Poon Khim	3,753,486	0.96	320,700 <sup>(a)</sup>	0.08	631,000
Datuk Ang Poon Seong	4,044,116	1.03	247,800 <sup>(a)</sup>	0.06	686,000
Ang See Ming	1,962,796	0.50	-	-	1,078,000
Tengku Muzzammil Bin Tengku Makram	-	-	-	-	-
Lee Kean Teong	10,000	٨	90,000 <sup>(a)</sup>	0.03	-
Teoh Mei Shean	-	-	-	-	-

#### INTERESTS OF SUBSTANTIAL SHAREHOLDER

Name	Direct Interest No. of shares	% <sup>(*)</sup>	Indirect Interest No. of shares	% <sup>(*)</sup>
Foremost Equals Sdn Bhd	148,743,750	38.01	-	-

<sup>(\*)</sup> excluding 2,806,400 treasury shares.

<sup>(\*)</sup> Deemed interested via interest of spouse and children pursuant to Section 59(11)(c) of the Companies Act 2016. (\*) excluding 2,806,400 treasury shares. (^) Negligible.

## LIST OF 30 LARGEST SHAREHOLDERS

AS AT 31 MARCH 2023

(Without aggregating securities from different securities account belonging to same person)

NO.	NAME	HOLDINGS	% (*)
1	FOREMOST EQUALS SDN BHD	142,936,500	36.52
2	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	10.376,200	2.65
3	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	9,007,200	2.30
4	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	7,499,500	1.92
5	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	7,088,400	1.81
6	NEOH CHOO EE & COMPANY, SDN. BERHAD	6,376,000	1.63
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,274,500	1.60
8	FOREMOST EQUALS SDN BHD	5,807,250	1.48
9	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	4,803,600	1.23
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	4,084,300	1.04
11	ANG POON SEONG	4,044,116	1.03
12	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	4,042,600	1.03
13	ANG POON KHIM	3,753,486	0.96
14	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FOCUS FUND	3,370,900	0.86
15	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,595,000	0.66
16	ANG POON CHUAN	2,469,400	0.63
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (ORDPA)	2,467,600	0.63
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)	2,467,000	0.63
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	2,138,000	0.55
20	ANG SEE MING	1,962,796	0.50
21	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR HONG LEONG DIVIDEND FUND	1,959,300	0.50
22	TAN LEE HWA	1,921,000	0.49
23	SENSIBLE MATRIX SDN BHD	1,881,040	0.48
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	1,687,700	0.43
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	1,574,000	0.40
26	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	1,550,000	0.40
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	1,495,800	0.38
28	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	1,437,200	0.37
29	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	1,423,200	0.36
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (UOB AM SC EQ)	1,403,200	0.36
		249,896,788	63.83

(\*) Excluding 2,806,400 treasury shares.

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Eighth Annual General Meeting ("AGM") of shareholders of Thong Guan Industries Berhad ("TGIB" or "the Company") will be convened and held at Sapphire Hall, Purest Hotel, No. A-2 Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah Darul Aman, Malaysia on Monday, 22 May 2023, 11.00 am for the purpose of considering and if thought fit, passing with or without modification the resolutions set out in the notice:

#### **AS ORDINARY BUSINESS**

- To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of Directors and Auditors thereon.
- 2. To re-elect the following Directors who retire in accordance with Clause 103 of the Company's Constitution:-
  - (a) Dato' Ang Poon Chuan
  - (b) Datuk Ang Poon Seong

- Ordinary Resolution 1 Ordinary Resolution 2
- To re-elect the following Directors who retire in accordance with Clause 110 of the Company's 3. Constitution:-
  - (a) Mr Lee Kean Teong
  - (b) Ms Teoh Mei Shean

- Ordinary Resolution 3 Ordinary Resolution 4
- To approve the Directors' fees and benefits of up to an aggregate amount of RM920,000 for the period commencing from the next day of this AGM through to the next AGM of the Company in 2024.
- Ordinary Resolution 5
- To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Ordinary Resolution 6 Directors to fix their remuneration.

#### **AS SPECIAL BUSINESS**

#### Waiver of Pre-Emptive Rights under Section 85 of The Companies Act 2016

Ordinary Resolution 7

"THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 65 of the Constitution of the Company, the shareholders of the Company do hereby waive their preemptive rights over (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company's Employees' Share Option Scheme and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company AND THAT such new shares when issued, shall rank pari passu equally to the existing issued shares of the Company."

#### Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 8

THAT contingent upon the passing of Ordinary Resolution 7 above and subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listings Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue and allot shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons, as the Directors may, in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

THAT the Directors are also empowered to obtain the approval from the Bursa Securities for the listing and quotation for the additional shares to be issued and THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

FURTHER THAT the new shares to be issued shall, upon issuance and allotment, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

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

#### 8. Proposed Renewal of Authority to Buy Back Its Own Shares by the Company

Ordinary Resolution 9

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be hereby unconditionally and generally authorised to make purchases of ordinary shares in the Company's total number of issued shares through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may, in their discretion deem fit, subject to the following:-

- i) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall be ten per centum (10%) of the total number of issued shares of the Company for the time being ("TGIB Shares");
- ii) the amount of fund to be allocated by the Company for the purpose of purchasing the TGIB Shares shall not exceed the aggregate of the retained profits of RM28.6 million of the Company as at 31 December 2022;
- iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
  - a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
  - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the MMLR of the Bursa Securities or any other relevant authorities;
- iv) upon completion of the purchase(s) of the TGIB Shares by the Company, the Directors of the Company be hereby authorised to deal with the TGIB Shares in the following manner:
  - a) to cancel the TGIB Shares so purchased; or
  - b) to retain the TGIB Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; or
  - c) to retain part of the TGIB Shares so purchased as treasury shares and cancel the remainder; or
  - d) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

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

#### Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Ordinary Resolution 10 Transactions for the Company and/or its subsidiaries

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("TGIB Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 28 April 2023 which transactions are necessary for the day-to-day operations in the ordinary course of business of TGIB Group on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

AND THAT, such approval, shall continue to be in force until:

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

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

9. Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Ordinary Resolution 10 Transactions for the Company and/or its subsidiaries (Cont'd)

AND THAT, such approval, shall continue to be in force until:

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

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

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

By Order of the Board

ONG TZE-EN (MAICSA 7026537) (SSM PC NO. 202008003397) LAU YOKE LENG (MAICSA 7034778) (SSM PC NO. 202008003368) Joint Company Secretaries Penang, 28 April 2023

#### Notes on proxy and voting:

- 1. A proxy may but need not be a member of the Company.
- 2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/ their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s). Alternatively, you may submit your Form of Proxy electronically ("E-proxy") via www. agriteum.com.my. For further information on the E-proxy, kindly refer to the Annexure of Form of Proxy.
- 3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- 4. Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.
- 5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
- 7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on **12 May 2023** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.
- 8. Please follow the procedures provided in the Administrative Guide for the AGM in order to register and participate in the meeting.

ANNUAL REPORT 2022

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

#### **Explanatory Notes:**

#### 1. Ordinary Resolutions 1 and 2 : Re-elect Directors who retire in accordance with Clause 103 of the Company's Constitution

The profiles of the Directors standing for re-election under Ordinary Resolutions 1 and 2 are set out under Profile of Directors in the Annual Report 2022. The Board of Directors ("Board") approved the recommendations from the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors do not have any conflict of interest with the Company and its subsidiaries ("the Group") and had abstained from deliberation and decision making on their own eligibility to stand for re-election at Board meetings.

- 1.1 **Dato' Ang Poon Chuan** is the Managing Director. He has shown exemplary leadership in managing businesses and creating value by expanding the Group to what it is today and lead the Group to achieve continued double-digit growth. He has contributed significantly to the Group by steering the Group forward with notable achievements during his tenure as Managing Director.
- 1.2 **Datuk Ang Poon Seong** is the Executive Director. He leads business development and oversees the entire operations in the East Malaysia.

#### 2. Ordinary Resolutions 3 and 4 : Re-elect Directors who retire in accordance with Clause 110 of the Company's Constitution

The profiles of the Directors standing for re-election under Ordinary Resolutions 3 and 4 are set out under Profile of Directors in the Annual Report 2022. The Independent Non-Executive Directors ("INEDs") had provided annual declaration / confirmation of independence. The Board approved the recommendations from the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors do not have any conflict of interest with the Group and had abstained from deliberation and decision making on their own eligibility to stand for re-election at both Nomination Committee and Board meetings.

**Mr Lee Kean Teong** and **Ms Teoh Mei Shean** are the INEDs of the Company. Both have fulfilled the requirements on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR"). As both of them were newly appointed on 28 November 2022, the Board concurred with the Nomination Committee that both should be given opportunity to contribute to the Group.

#### 3. Ordinary Resolution 5 : Directors' fees and benefits

The Board seeks shareholders' approval on the Directors' fees and benefits payable for the Directors which have been reviewed by the Remuneration Committee and the Board, which recognises that the fees and benefits payable is in the best interest of the Company. The quantum of Directors' fees and benefits is computed based on the anticipated number of meetings of Board and Board Committees comprising Audit Committee, Nomination Committee and Remuneration Committee, assuming full attendance by all the Directors. The amount also includes a contingency sum to cater for unforeseen circumstances such as the appointment of any additional Director, additional unscheduled meetings of Board and Board Committees. The relevant fees and benefits will be paid to the Directors upon completion of service by the said Directors. The benefits comprise of meeting allowance and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company. Details of Directors' fees and benefits paid/payable for the financial year ended 31 December 2022 are detailed in the Corporate Governance Overview Statement in the Annual Report 2022 and Corporate Governance Report.

#### 4. Ordinary Resolution 7: waiver of the pre-emptive rights under Section 85 of the Companies Act 2016

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 65 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

In order for the Board to issue (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company's Employees' Share Option Scheme ("ESOS Options") and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company free of pre-emptive rights, such pre-emptive rights must be waived. The Ordinary Resolution, if passed, will exclude the shareholders' pre-emptive rights over all new shares in the Company, ESOS Options and any offers, agreements, rights, options or other convertible securities of whatever kind in the Company.

#### 5. Ordinary Resolution 8 : Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act")

This Ordinary Resolution is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board to allot and issue shares up to a maximum of ten per centum (10%) of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 May 2022 and which will lapse at the conclusion of the 28th AGM.

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

#### **Explanatory Notes: (Cont'd)**

5. Ordinary Resolution 8: Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016 ("the

This General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the General Mandate is obtained, the Company will make announcement in respect thereof.

Ordinary Resolution 9: Proposed Renewal of Authority to Buy Back Its Own Shares by the Company This Ordinary Resolution, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.

Ordinary Resolution 10: Proposed New and Renewal of Shareholders' Mandate This Ordinary Resolution, if passed, will approve the Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") and allow the Group to enter into RRPT in accordance with Chapter 10 of the MMLR. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

**Statement Accompanying Notice of AGM** 

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

No individual is standing for election as a Director at the forthcoming AGM of the Company.



#### FOR THE TWENTY-EIGHT ANNUAL GENERAL MEETING ("28th AGM") OF THONG GUAN INDUSTRIES BERHAD ("THE COMPANY")

Day & Date : **Monday, 22 May 2023** 

Time : **11:00 a.m.** 

Venue : Sapphire Hall, Purest Hotel, No. A-2 Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani,

Kedah Darul Aman, Malaysia

#### Registration on the day of AGM

1. Registration will commence at 10:30 a.m. and will end at the time as may be determined by the Chairman of the Meeting.

2. Please present your original MyKad or Passport to the registration staff for verification. Please make sure your MyKad or Passport is returned to you after registration.

#### **Entitlement to Participate and Appointment of Proxy**

- 1. Only members whose names appear on the Record of Depositors on **12 May 2023** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.
- 2. The instrument appointing a proxy shall be deposited in the following manner not less than 48 hours before the time set for holding the 28th AGM or any adjournment thereof:

(a) By hard copy form

The Form of Proxy must be deposited at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia.

(b) By electronic form

The Form of Proxy can be electronically submitted through facsimile at +604 226 5860 or through **AGRITEUM** portal at <a href="https://www.agriteum.com.my">www.agriteum.com.my</a> ("E-proxy"). For further information on the E-proxy, kindly refer to the Annexure of the Form of Proxy.

#### **Revocation of Proxy**

1. If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in our 28th AGM in person, please write in and be deposited at the Registered Office of the Company to revoke the earlier appointed proxy twenty-four (24) hours before the 28th AGM.

#### **Door Gifts**

1. There will be no distribution of door gifts for participation at the 28th AGM.

#### **Enquiries**

1. For any enquiries, kindly contact the following during office hours (8:30 a.m. to 5:30 p.m.) on Monday to Friday (except public holidays):

Agriteum Share Registration Services Sdn. Bhd.
T: +604 228 2321 | F: +604 227 2391

Boardroom Corporate Services Sdn. Bhd.
T: +604 229 4390 | F: +604 226 5860

#### Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/ service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 28th AGM of the Company and any adjournment thereof.



#### FORM OF PROXY



No. of shares held	
CDS Account No.	

Ne			
	(Full name in Block Letters and NRIC / Pa	ssport / Company No.)	
:			
		and	
	(Address)		(Tel. No.)

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

Full Name (in Block Letters), Email Address & Tel. No.	NRIC/Passport No.	% of Shareholding

\* and/or

Full Name (in Block Letters), Email Address & Tel. No.	NRIC/Passport No.	% of Shareholding

or failing \*him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the TWENTY-EIGHTH ANNUAL GENERAL MEETING of the Company to be held at Sapphire Hall, Purest Hotel, No. A-2 Jalan Indah 1, Taman Sejati Indah, 08000 Sungai Petani, Kedah Darul Aman, Malaysia on Monday, 22 May 2023 at 11.00 am or at any adjournment thereof.

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

		ORDINARY RESOLUTIONS								
	1	2	3	4	5	6	7	8	9	10
FOR										
AGAINST										

* Strike out which	hever is no	t desired.						
Signed this	C	lav of	2023.					
9		- ,		S	ignature of	f Sharehold	der(s)/Com	mon Seal

#### Notes on proxy and voting:

- A proxy may but need not be a member of the Company.

  For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01

  Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting provided that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s). Alternatively, you may submit your Form of Proxy electronically ("E-proxy") via www.agriteum.com.my. For further information on the E-Proxy, kindly refer to the Annexure of Form of Proxy.
- 3. A member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member of the Company is an authorised nominee as defined under the Securities Industries (Central Depositories) Act, 1991 "SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it may hold with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
- In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 12 May 2023 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy to attend and/or vote on his/her behalf.
- Please follow the procedures provided in the Administrative Guide for the AGM in order to register and participate in the meeting.

#### **Personal Data Privacy**

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

To: The Company Secretaries Thong Guan Industries Berhad 199410138519 (324203-K) Registered Office 170-09-01, Livingston Tower Jalan Argyl, 10050 George Town Pulau Pinang  Flease fold across the lines and close  Flease fold across the lines and close			
To: The Company Secretaries Thong Guan Industries Berhad 199401038519 (324203-K)  Registered Office 170-09-01, Livingston Tower Jalan Argyll, 10050 George Town Pulau Pinang			
To: The Company Secretaries Thong Guan Industries Berhad 199401038519 (324203-K)  Registered Office 170-09-01, Livingston Tower Jalan Argyll, 10050 George Town Pulau Pinang			
To: The Company Secretaries Thong Guan Industries Berhad 199401038519 (324203-K)  Registered Office 170-09-01, Livingston Tower Jalan Argyll, 10050 George Town Pulau Pinang	Ple	ease fold across the lines and close	
Thong Guan Industries Berhad 199401038519 (324203-K)  Registered Office 170-09-01, Livingston Tower Jalan Argyll, 10050 George Town Pulau Pinang			STAMP
170-09-01, Livingston Tower Jalan Argyll, 10050 George Town Pulau Pinang	То:	Thong Guan Industries Berhad	
Please fold across the lines and close		170-09-01, Livingston Tower Jalan Argyll, 10050 George Town	
		Please fold across the lines and close	

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#### ELECTRONIC SUBMISSION OF FORM OF PROXY VIA AGRITEUM PORTAL

Dear Shareholders,

We are pleased to inform that you as a shareholder can have the option to submit the form of proxy by electronic means through our **AGRITEUM** Portal at <a href="https://www.agriteum.com.my">www.agriteum.com.my</a> ("E-proxy").

Our **AGRITEUM** Portal provides an online submission for shareholders to submit electronically the form of proxy. Once you have successfully submitted your E-proxy form, you are no longer required to complete and submit the physical form of proxy to the registered office of the Company situated at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia. **The E-proxy only applicable to Individual Shareholder**. Please refer to the Form of Proxy for further information.

To assist you on how to use AGRITEUM Portal E-proxy, kindly read and follow the guidance notes which are detailed below:

- 1. Sign up as a user in www.agriteum.com.my ("**AGRITEUM** Portal")
  - Click <<Login/Register>> followed by <<Register New User>> to register as a new user.
  - Complete the registration by filling up the information required and upload a clear copy of your MyKad (both front and back page) or Passport.
  - Read and agree to the terms & conditions and thereafter submit your registration.
  - Please enter a valid email address in order for you to receive the verification email from the AGRITEUM Portal.
  - Please verify your email address before the link expire in one (1) hour from your registration.
  - Your registration will be verified and approved by the **AGRITEUM** Portal. Once approved, an email notification will be sent to you.
  - If you have already registered an account with AGRITEUM Portal, you are not required to register again.
- 2. Proceed with submission of E-proxy
  - After the release of the Notice of the Meeting by the Company, login AGRITEUM Portal with your user name (ie email address) and password.
  - Click "E-PROXY LODGEMENT" and select the company name for the submission of the E-proxy Form.
  - · Fill up the E-proxy form by inserting your CDS account, number of shares for your proxy(s) to vote on behalf.
  - Appoint your proxy(s) or chairman and insert the required details of your proxy(s) and indicate your voting
    instruction.
  - Review & confirm your proxy(s) appointment
  - Read and agree to the terms & conditions and thereafter submit your E-proxy Form.
  - An email notification will send to you to acknowledge the submission.

Should you need assistance on our E-proxy submission, please contact us. Thank you

**AGRITEUM** Share Registration Services Sdn Bhd 2nd Floor, Wisma Penang Garden 42 Jalan Sultan Ahmad Shah

Tel. No.: 04-2282321 Fax No.: 04-2272391

10050 Penang

Email : agriteumsrs@gmail.com

