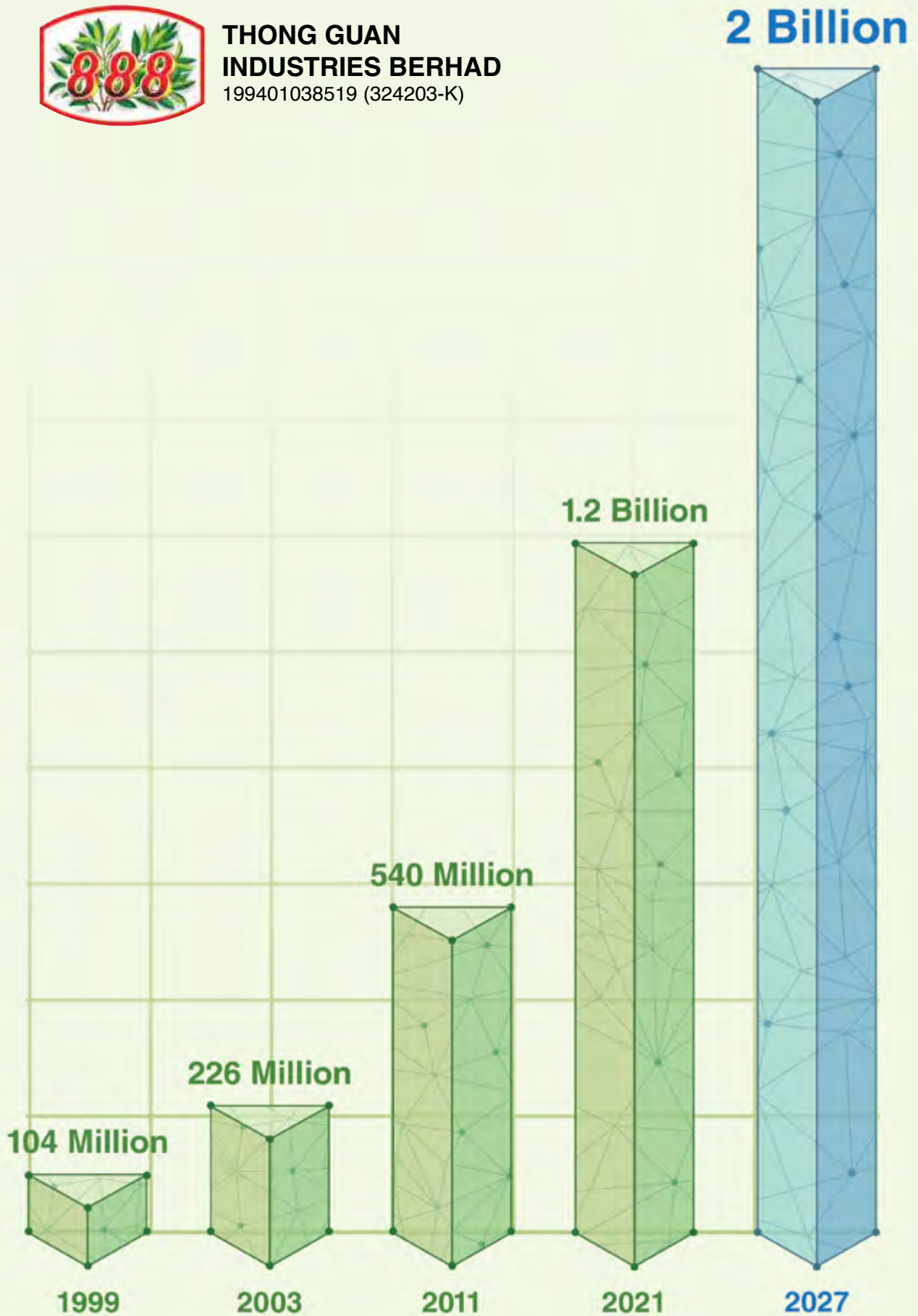




**THONG GUAN  
INDUSTRIES BERHAD**  
199401038519 (324203-K)



Building New Blocks of **Milestones**

Annual Report 2021

# TABLE OF CONTENTS

<b>2</b>	Corporate Information
<b>3</b>	Group Structure and Principal Activities
<b>4</b>	Financial Highlights and Indicators
<b>6</b>	Management Discussion and Analysis
<b>10</b>	Profile of Directors
<b>14</b>	Sustainability Statement
<b>55</b>	Corporate Governance Overview Statement
<b>63</b>	Other Information
<b>65</b>	Statement on Risk Management and Internal Control
<b>67</b>	Audit Committee Report
<b>69</b>	Directors' Report

## FINANCIAL STATEMENTS

<b>76</b>	Statements of Financial Position
<b>77</b>	Statements of Profit or Loss and Other Comprehensive Income
<b>78</b>	Statements of Changes in Equity
<b>83</b>	Statements of Cash Flows
<b>86</b>	Notes to the Financial Statements
<b>166</b>	Statement by Directors
<b>166</b>	Statutory Declaration
<b>167</b>	Independent Auditors' Report
<b>171</b>	List of Properties Owned by the Group
<b>173</b>	Analysis of Ordinary Shareholdings
<b>174</b>	List of 30 Largest Shareholders
<b>175</b>	Notice of Annual General Meeting
<b>179</b>	Administrative Details
<b>Enclosed</b>	Proxy Form
	Annexure to the Proxy Form

# 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

**Chow Hon Piew**

Independent Non-Executive Director

**Dato' Kang Pang Kiang**

Independent Non-Executive Director

**Tengku Muzzammil Bin  
Tengku Makram**

Independent Non-Executive Director

## REGISTERED OFFICE

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

**T** - 604 229 4390

**F** - 604 226 5860

## PRINCIPAL PLACE OF BUSINESS

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

**T** - 604 441 7888

**F** - 604 441 9888

## SHARE REGISTERAR

**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)

## AUDITORS

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

## PRINCIPAL BANKERS

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

## AUDIT COMMITTEE

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

## NOMINATING COMMITTEE

Chow Hon Piew (Chairman)  
Dato' Kang Pang Kiang

## REMUNERATION COMMITTEE

Dato' Kang Pang Kiang (Chairman)  
Chow Hon Piew

## STOCK EXCHANGE LISTING

**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



**Thong Guan Industries Berhad**  
(199401038519) (324203-K)

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



Note:	
*	Incorporated in the People's Republic of China
**	Incorporated in the Socialist Republic of Vietnam
***	Incorporated in Kingdom of Thailand
****	Incorporated in Hong Kong SAR of the People's Republic of China
*****	Incorporated in Republic of the Union of Myanmar

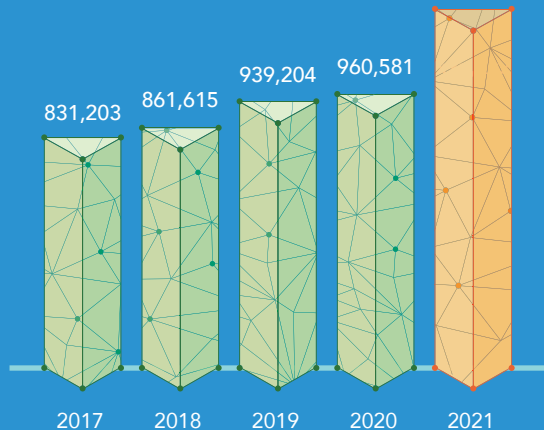
## FINANCIAL HIGHLIGHTS AND INDICATORS

In RM '000	2017	2018	2019	2020	2021
Revenue	831,203	861,615	939,204	960,581	<b>1,214,944</b>
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	68,085	73,051	100,301	125,978	<b>154,398</b>
Profit Before Taxation	50,682	51,972	75,452	99,912	<b>125,218</b>
Profit After Tax	42,707	43,610	63,893	80,259	<b>98,012</b>
Net Profit Attributable to Equity Holders	41,897	43,682	61,849	75,302	<b>92,876</b>
Total Assets	685,451	739,312	881,316	1,010,558	<b>1,217,758</b>
Total Borrowings	75,693	126,926	143,036	149,285	<b>186,261</b>
Shareholders' Equity	466,253	494,848	576,585	645,342	<b>733,800</b>
	2017	2018	2019	2020	2021
Return on Equity (%)	9.16	8.83	10.73	11.67	<b>12.66</b>
Return on Total Assets (%)	6.23	5.90	7.25	7.94	<b>8.05</b>
Gearing Ratio (Times)	0.16	0.26	0.25	0.23	<b>0.25</b>
Interest Cover (Times)	28.41	15.92	18.18	40.34	<b>67.46</b>
Earnings Per Share (Sen)	15.94	16.02	17.97	20.02	<b>24.42</b>
Net Assets Per Share (Sen)	172.35	181.35	156.08	169.48	<b>189.55</b>
Gross Dividend Per Share (Sen)	4.00	4.00	4.50	4.50	<b>5.50</b>
Price Earning (PE) Multiple (Times)	13.26	6.87	9.37	12.72	<b>11.42</b>
Gross Dividend Yield (%)	1.89	3.64	2.67	1.77	<b>1.99</b>
Share Price as at financial year end (RM)	2.12	1.10	1.69	2.54	<b>2.77</b>

# FINANCIAL HIGHLIGHTS AND INDICATORS *(Cont'd)*

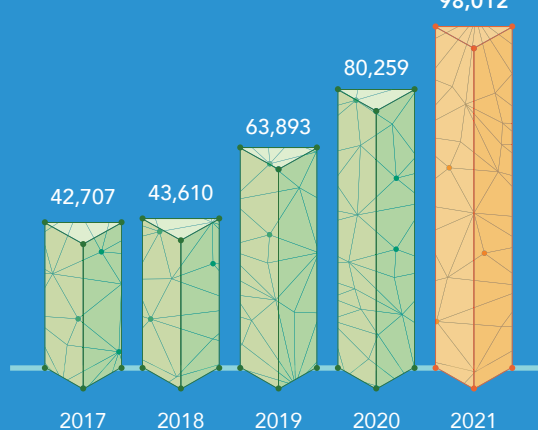
## REVENUE

(RM'000)



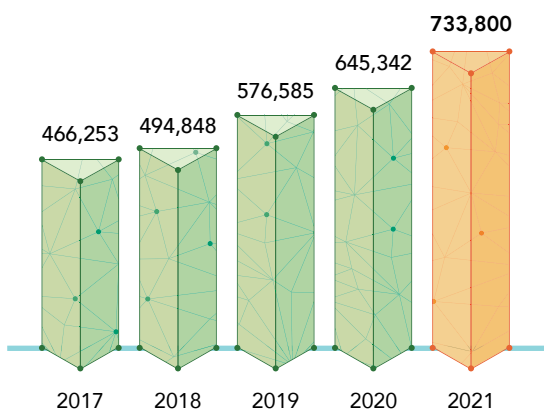
## PROFIT AFTER TAX

(RM'000)



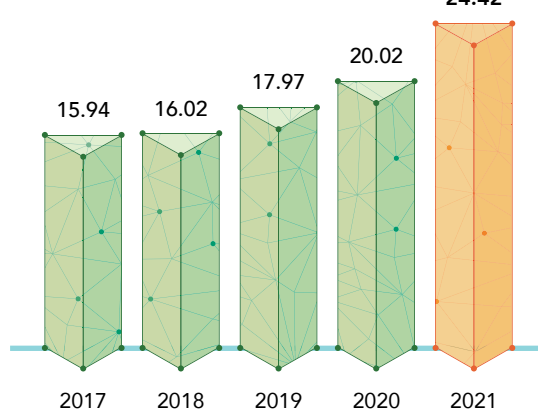
## SHAREHOLDERS' EQUITY

(RM'000)



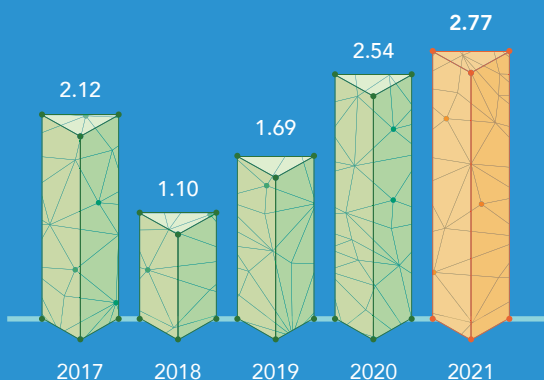
## EARNINGS PER SHARE

(SEN)



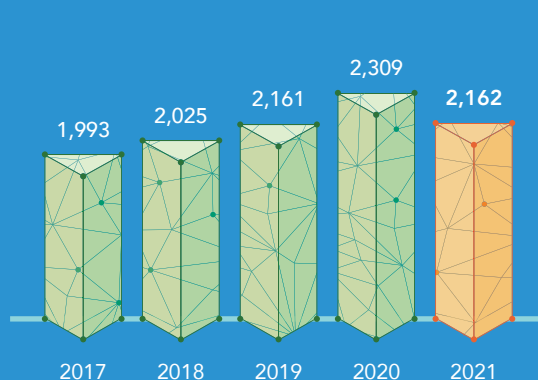
## SHARE PRICE AS AT FINANCIAL YEAR END

(RM)



## HUMAN CAPITAL

(HEADCOUNT)



# MANAGEMENT DISCUSSION AND ANALYSIS

Thong Guan Industries Berhad (“the Group” or “Thong Guan” or “TGI”) continues its top line growth for the financial year ended 31 December 2021 (“FY2021”) despite volatile business environment. During the financial year under review, the Group continued to uphold and execute our business strategies and enhance our value chain progressively.

## FINANCIAL REVIEW

The Group reported continuous growth with a record high revenue of RM1.21 billion representing a growth of 26.5% over the previous financial year.

	31.12.2021 RM'000	31.12.2020 RM'000	Variance RM'000	Variance %
<b>Revenue</b>				
Plastic products	1,117,550	883,262	234,288	26.5
Food, beverages and other consumable product	97,267	76,971	20,296	26.4
Others	127	348	(221)	(63.5)
<b>Group</b>	<b>1,214,944</b>	<b>960,581</b>	<b>254,363</b>	<b>26.5</b>
<b>Profit before tax</b>				
Plastic products	119,913	96,431	23,482	24.4
Food, beverages and other consumable product	5,401	3,714	1,687	45.4
Others	(96)	(233)	137	58.8
<b>Group</b>	<b>125,218</b>	<b>99,912</b>	<b>25,306</b>	<b>25.3</b>

For FY2021, the increase in revenue was contributed by improved in sales from both plastic as well as food, beverage and other consumable products (“F&B”) business division. Our plastic products’ revenue increased from RM883.3million to RM1.12billion, representing a growth of 26.5%. This improvement was driven by the higher export sales of our stretch film, flexible packaging and courier bags business segment. The revenue in stretch film division increased by RM159.6 million to RM590.4 million as compared to RM430.8 million for the financial year ended 31 December 2020 (“FY2020”). The courier bags division recorded a revenue of RM75.2 million compare to last year RM60.9 million. The flexible packaging division recorded a revenue RM187.5million compare to FY2020 revenue RM153million. The Group’s F&B business division reported an increase in revenue to RM97.3 million as compared to RM76.9 million in FY2020, this translates into a 26.4% year on year (“YoY”) growth which was mainly contributed from the increased in sales of tea and coffee products and Fast Moving Consumer Goods (FMCG) from the Sabah operation.

For FY2021, profit before taxation (“PBT”) recorded a growth to RM125.2million as compared to RM99.9 million in FY2020. This was correlated with the increased of sale in premium stretch films, flexible packaging, courier bags and the food and beverage division.

## FINANCIAL POSITION

### Assets

Total assets grew 20.5% to RM1.22 billion as at 31 December 2021 from RM1.01 billion in the year before. The increase of the total assets is mainly contributed by the increase of property, plant and equipment and investment properties amounting RM52.04 million and the increase in trade and other receivable amounting RM125.3 million. The Group has a total of cash and cash equivalents of RM292.9 million. Strong cash reserve will enable the Group to carry out its strategic expansion plans timely and smooth sailing in any unpredicted economic downturn.

### Liabilities

Total liabilities increased by 33.3% to RM456.2 million as at 31 December 2021 from RM342.3 million a year before. The increase was mainly contributed from the increase in loans and borrowings of RM39.8 million and increase in trade payable of RM48.6million.

### Equity

As at 31 December 2021, total equity increased from RM668.3 million in FY2020 to RM761.6 million, an increase of 13.9%. Higher total equity was mainly attributable to profits generated in FY2021 and after offsetting dividends paid to shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

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

### Share Capital

The number of issued shares increase to 387.1 million as at 31 December 2021 contributed from the exercise of ESOS during the financial year.

### EPS

FY2021 basic EPS is 24.42 sen while diluted EPS is 23.71 sen. The dilution in EPS is due to taking into account of unexercised shares from Employees' Share Option Scheme and treasury shares.

## CASH FLOWS

### Cash from operating activities

Net cash generated from operating activities was RM51.1 million in FY2021 as compared with RM125.8 million in FY2020. This mainly was due to higher trade receivable and increase in inventories.

### Cash used in investing activities

Net cash used in investing activities was RM76.6 million in FY2021 as compared to RM51.5million in FY2020. The net cash outflow was mainly due to the acquisition of property, plant and equipment and investment properties amounting to RM60.8 million and RM18.5 million respectively as compared to the previous financial year of RM55.8 million used in acquisition of property, plant and equipment.

### Cash from financing activities

Net cash generated from financing activities was RM22.6 million in FY2021 as compared to net cash used from financing activities RM9.5 million in FY2020. There is net drawdown on bank borrowing amounting RM40.4 million compared to previous year is RM6.6 million.

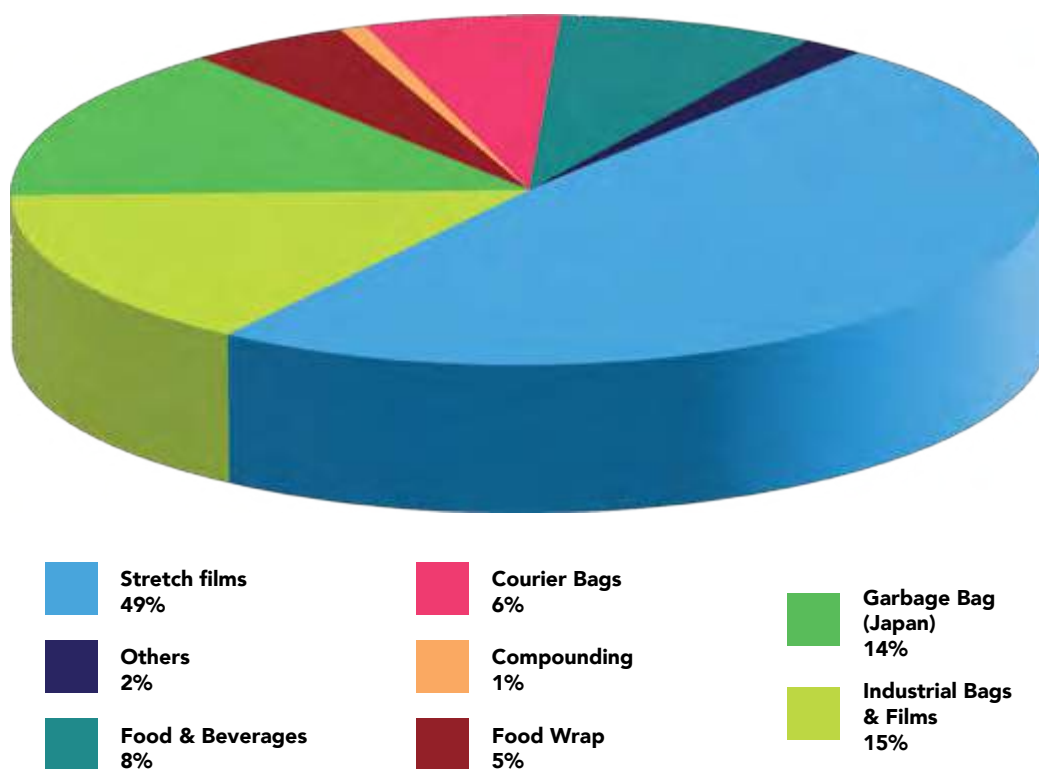


Figure 1: Sales Mix for FY2021



# MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

## Plastic Division

The Group's plastic products comprise of five main categories which are stretch films, garbage bags (Japan), industrial bags, courier bags and PVC food wraps. The revenue contribution from each category are 49%, 14%, 15%, 6% and 5% respectively.

During financial year 2021, the Group has installed a new stretch film production line and fully commissioned on October 2021. The new line contributed 7,200 MT per annum to the total annual production capacity. The Group has schedule to install two new premium stretch film production line within year 2022.

On the Industrial bags & films division, the Group has installed two unit extruder film production lines and was fully commissioned in September 2021. The new factory is schedule to complete in June 2022. The division will install three units premium extruder film production line in year 2022 which will contribute 21,600 MT per annum to the total annual production capacity.

For the PVC food wrap division, to date the Group has commissioned 12 production lines with annual capacity 14,000MT.

During the FY2021, the courier division contributed revenue RM75.2 million. During May and September 2021, the Group has installed and commissioned two unit extruder machine to increase the production capacity to meet future demand.

## Food, Beverage and other Consumable Products (F&B)

Over the years, the F&B division has been consistently delivering an annual contribution of 5.0-8.0% over the Group's total revenue. Our tea and coffee products remain as the two main contributors to the F&B business division. During the financial year under review, the fast-moving consumer goods ("FMCG") market remains competitive on the back of a soft domestic economy. Apart from that, our F&B business segment was also affected by the weaker consumer spending sentiments which was mainly due to the movement control orders which affected the operations of consumers and retail market.

For the organic noodle product, the establishing of various business opportunities with interested parties is on-going. Hence, this product has yet to contribute much towards the revenue of the Group. However, for FY2021, the Group is optimistic that we will be able to growth the noodle products revenues.

## Dividend

The Group remains grateful to our shareholders and we have been faithfully declaring dividends every year despite not having a dividend policy. On 19 July 2021, the Group paid a final single tier ordinary dividend of 1.5 sen per ordinary share, with a total dividend pay-out of RM5.7 million in respect of FY2020. The Group also paid three single tier interim dividend in respect of FY2021 during the reporting period. The total amount of three single tier interim dividend paid is RM12.4 million. The Board also declared the fourth single tier dividend of 2.25 sen per ordinary share for FY2021 which will be paid on 18 April 2022.

## Employees' Share Option Scheme ("ESOS")

On 3rd July 2019, the Group announce to offer the ordinary shares of the Company under ESOS to the eligible employees and executive directors of the Group. The ESOS duration started on 3rd July 2019 to 2nd July 2024. The options shall be exercisable in the following manner until the expiry of the ESOS on 2nd July 2024 if there is no extension of ESOS for a further 5 years.

Tranche	Vesting period
Tranche 01: 20% of Options	7 August 2019 to 6 August 2020
Tranche 02: 20% of Options	7 August 2020 to 6 August 2021
Tranche 03: 20% of Options	7 August 2021 to 6 August 2022
Tranche 04: 20% of Options	7 August 2022 to 6 August 2023
Tranche 05: 20% of Options	7 August 2023 to 2nd July 2024

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### Business Outlook

The world economic condition is expected continue to be challenging with uncertainties created from the COVID-19 virus outbreak, oil price fluctuation, hike of resin price and the unprecedented shortage of containers and the spike of ocean freight cost. Despite of this, with the availability and rapid roll out of the vaccination plan worldwide, the company is confident that the world economic will gradually back to its normalisation. The Group is optimistic to continue to build on its market position and to capture new growth areas both locally and internationally for all of its products lines. The Group has devised concrete plans for further capacity expansion which includes the construction of three new factory building on its 16 acres land situated at Sungai Petani Industrial Area for production of its premium stretch film, premium blown film and courier and specialty bags. 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 extend our sincerest appreciation to all our valued customers, vendors, bankers, relevant authorities and respective stakeholders for your continued support to Thong Guan, enabling us to advance with our strategic plans. The Group also takes this opportunity to acknowledge the contributions of our management team and staff members who have given the best commitment and hard work to propel the Group forward. Finally, a heartfelt gratitude to the Board of Directors for their invaluable insights and guidance. Together, we will strive for Thong Guan to achieve stronger financial years ahead.

## PROFILE OF DIRECTORS



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

55  
AGE



**Male** | DYT M Tengku Sarafudin was appointed as the Independent Non-Executive Director and Chairman on 25 August 2016.

DYT M 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. DYT M 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.



**DATO' ANG  
POON CHUAN**

78  
AGE



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

He completed his MCE prior to joining Thong Guan Industries Berhad ("TGI") as a Marketing Executive in 1965. He rose through the ranks to the position of Managing 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 57 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.

## PROFILE OF DIRECTORS (Cont'd)



**DATO' ANG POON KHIM**

68  
AGE



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

He obtained a Bachelor of Science (Hons) in Mechanical Engineering from Teeside University, U.K and joined Thong Guan in 1981. 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.



**DATUK ANG POON SEONG**

66  
AGE



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

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

He attended all of the four Board meetings held for the financial year. He is the brother of Dato' Ang Poon Chuan and Dato' Ang Poon Khim. He is a shareholder of Foremost Equals Sdn. Bhd., which is a major shareholder of TGI. He has no conflict of interest with the Company other than as disclosed in the 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.

## PROFILE OF DIRECTORS (Cont'd)



**MR. ANG  
SEE MING**


52  
AGE



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


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.



**MR. CHOW  
HON PIEW**

68  
AGE




**Male** | He was appointed as the Independent Non-Executive Director on 30 August 2013.

He graduated with a Diploma in Business Studies and a Masters of Business Administration from the University of Strathclyde, Glasgow, United Kingdom. He is also a Fellow Chartered Management Accountants. He started his career as a Assistant Management Accountant at Matthesons Meats Ltd., a multi-national meat processing company in London prior to his return to Malaysia. He had served as the Group Accountant and rose to the position of Managing Director of Poly Glass Fibre (M) Berhad prior to his retirement in December 2012.


He serves as the Chairman of Audit Committee and Nominating Committee and a member of the Remuneration 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 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.

## PROFILE OF DIRECTORS (Cont'd)



**DATO' KANG PANG KIANG**

50  
AGE



**Male** | He was appointed as the Independent Non-Executive Director on 30 August 2013.

He obtained his Double degrees in Bachelor of Commerce and Bachelor of Science from University of Auckland, New Zealand. He is a Chartered Accountant of Malaysian Institute of Accountants (MIA) and Associate Chartered Accountant (ACA) of Chartered Accountant Association, New Zealand. He is currently the Group Chief Executive Officer/Executive Director of EG Industries Berhad, a public listed company listed on the Main Market of the Bursa Malaysia Securities Berhad.

For his outstanding entrepreneurship and enthusiasm, he has been awarded the Best Chief Executive Officer and Best Investor Relations Professional by Malaysian Investor Relations Association ("MIRA") under Micro-cap category of "The Investor Relations Awards 2015").

On the top of that, in appreciation of his dedication to the business and social community, he was conferred the title of Dato' in year 2018. Persatuan Kebajikan Keluarga Bekas Polis dan Tentera ("POLTERA") In year 2019 had appointed Dato' Alex Kang as an honorable POLTERA life V.I.P to honor and appreciate remarkably on his kind support, cooperation and contribution towards POLTERA's goal achievements. In year 2020, he was also been appointed as a distinguished "Adjunct Professor" by AIMST University to share his business and industry insights with our future workforce and as the honorary advisor of Malaysia-China Chamber of Commerce ("MCCC") in recognition for his rich expertise and experience in the manufacturing business across the world. Dato' Alex Kang is also a member of Singapore Institute of Directors by virtue of his standing and stature in the community globally.

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 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.



**TENGGU MUZZAMIL BIN TENGGU MAKRAM**

48  
AGE



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

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

He serves as the member of Audit 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.

## SUSTAINABILITY STATEMENT

### 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



### FY2021 Sustainability Highlights

- **Officiated #LiveGreen**
- **Introduced our first 30% recycled 15 µm high-quality high-performance machine film**
- **Rewarded two green certificates—ISCC PLUS & GRS**
- **Started quantifying GHG emissions for Scope 1 & Scope 2**
- **Saved over 2,999 tCO<sub>2</sub>e from the usage of solar energy**
- **Converted 481 MT of post consumer wastes into green products**
- **Established a stronger sustainability roadmap through ESG strategies in-line with UN SDGs**
- **Continued strengthening our OHS for a safe, healthy, and conducive working environment**

We are not your ordinary packaging solutions provider. Driven by our founder'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 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

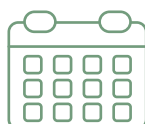


In this fast-paced era of business globalisation, Thong Guan Industries Berhad (“Thong Guan”, “the Group”, “us”, “our”, or “we”) has been continuously evolving to strive for sustainable growth. Over 80 years in business operations, we have established well-diversified plastics packaging products and food and beverage (“F&B”) businesses with a global presence in 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



80

Years of Excellency



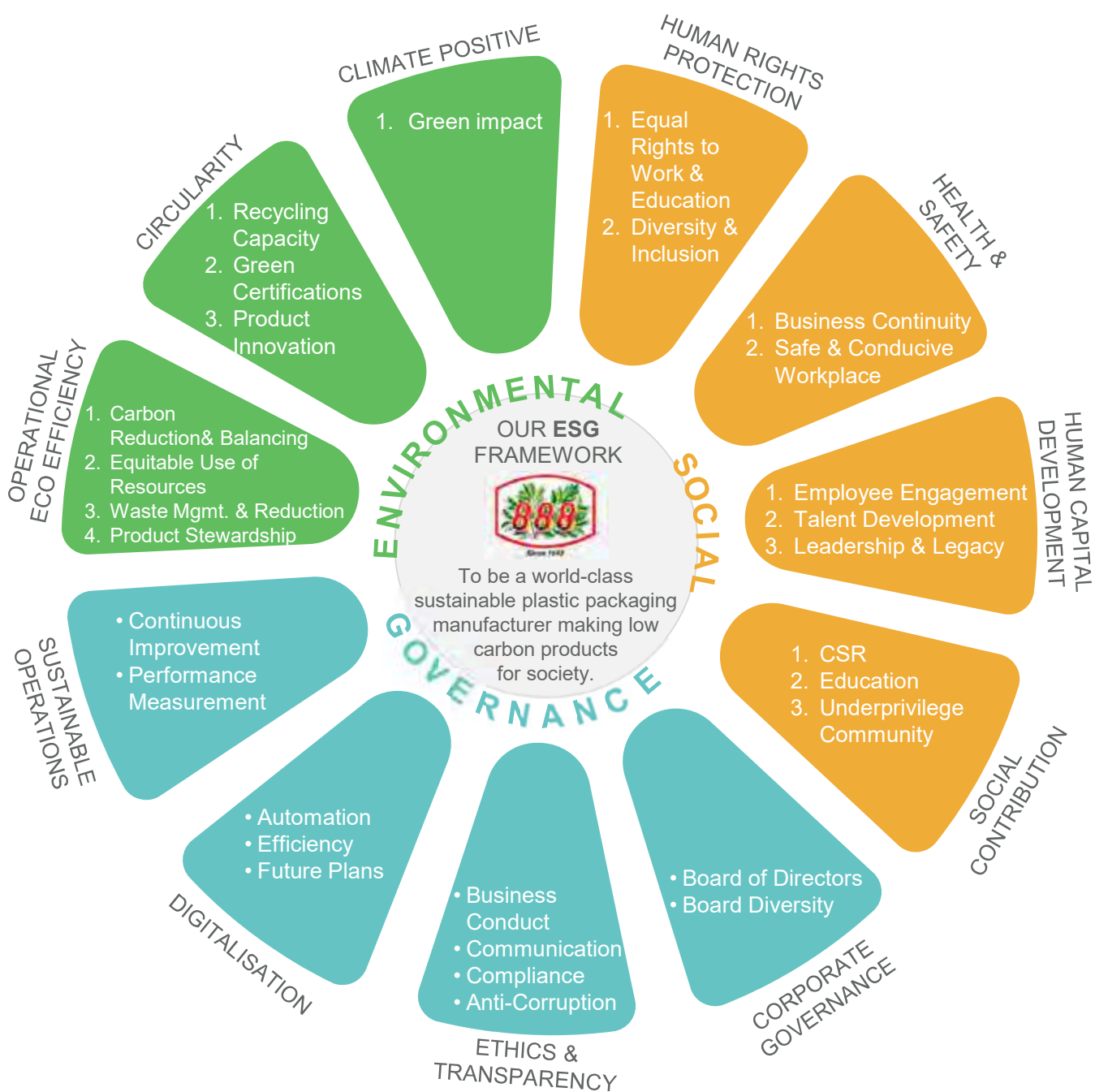
17

Innovative Factories

# 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 DEVELOPMENT GOALS



# Scope & Assessment

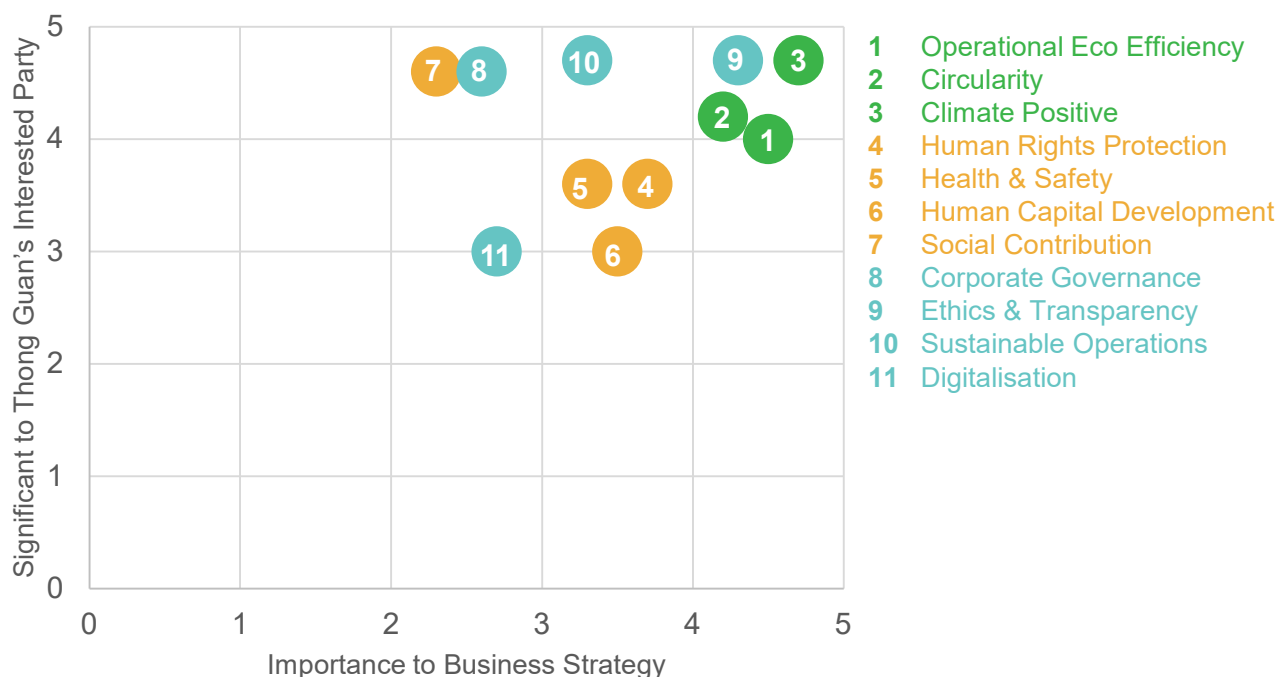
## Reporting Scope

We are proud to present our Sustainability Report for the financial year from 1 January 2021 to 31 December 2021 ("FY2021"). 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 per 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 FY2021, 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.



# 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 2021.

STAKEHOLDERS	AREAS OF INTERESTS	METHOD AND FREQUENCY
<b>Investors &amp; Shareholders</b>	<ul style="list-style-type: none"> <li>• Profitability</li> <li>• Dividend</li> <li>• Business directions</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly Financial Result</li> <li>• Annual General Meeting</li> <li>• Company Website</li> <li>• Annual Reports</li> <li>• Press Release</li> </ul>
<b>Customers, Suppliers &amp; Business Partners</b>	<ul style="list-style-type: none"> <li>• Product &amp; Service Quality</li> <li>• Timely Delivery &amp; Consistency in Supply</li> <li>• Credit worthiness</li> <li>• Value added products</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey/Supplier Evaluation</li> <li>• Customer Service &amp; Communication</li> <li>• Trade Fairs &amp; Frequent Site Visits</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Career &amp; learning path</li> <li>• Employee welfare and benefits</li> <li>• Health and safety in work place</li> </ul>	<ul style="list-style-type: none"> <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>
<b>Regulators, Government &amp; Authorities</b>	Compliance with laws and regulation	<ul style="list-style-type: none"> <li>• Compliance &amp; Certification Exercises, including site visits and audits by authorities/certification bodies</li> </ul>
<b>Local Community</b>	Corporate Social Responsibility	<ul style="list-style-type: none"> <li>• Educational Site Visits</li> <li>• Community Outreach Programmes</li> </ul>

# 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 for FY2021.
- 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

<b>GHG REDUCTION THROUGH OPERATIONS</b> Drive operational eco-efficiency across all sites	<b>GHG REDUCTION THROUGH PARTNERSHIP</b> Collaborate towards efficiency via recycling, green sourcing, use of new technologies, etc.	
<b>SCOPE 1</b> Reporting Company	<b>SCOPE 2</b> Upstream Activities	<b>SCOPE 3</b> Upstream & Downstream Activities
PRODUCTION PLANTS COMPANY VEHICLES COMPANY FACILITIES <hr/> FY2021 GHG SCOPE 1 INTENSITY = 0.01 kg CO <sub>2</sub> e per kg of production output*^	PURCHASED ELECTRICITY FOR OWN USE <hr/> FY2021 GHG SCOPE 2 INTENSITY = 0.492 kg CO <sub>2</sub> e per kg of production output* (location-based)	PURCHASED GOODS, SERVICES & CAPITAL GOODS FUEL & ENERGY RELATED ACTIVITIES BUSINESS TRAVEL & EMPLOYEE COMMUTING TRANSPORTATION & DISTRIBUTION WASTE GENERATED IN OPERATIONS WATER CONSUMPTION
<b>TARGET OUTPUT</b>		
To achieve total 10% GHG reduction of Scope 1 & Scope 2 by 2025	To set up data collection system & progressively report the GHG reduction of Scope 3 until 2030	
<b>Scope 1: Direct GHG</b> emissions from sources that are owned or controlled by a company	<b>Scope 2: Indirect GHG</b> emissions resulting from the electricity purchased by a company	<b>Scope 3: Indirect GHG</b> emissions from sources not owned or directly controlled by a company but related to the company's activities

\* FY2021 reporting boundary - All plastic production plants located in the West of Malaysia

^ Derived from consumption of diesel and petrol of the companies

**Conclusions**

- ✓ 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 will be leapfrogging toward fulfilling our commitment to achieve a 10% reduction in combined Scope 1 & 2 intensity by 2025.
- ✓ We expect to reduce 74,000 tCO<sub>2</sub>e annually through the GET Programme.

## 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



### 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.

We also participated in Energy Efficiency Project Malaysia under Eleventh Plan (RMK-11) to implement energy-saving measures based on the energy audit report outcome.

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.

### 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 PV system so far and there are projects in the pipeline to increase the capacity of our PV system as we expand our production floor and capacity.

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



### Conclusions

- ✓ In 2021, our combined use of 4,690 MWh of solar energy saved over 2,999 tCO<sub>2</sub>e.
- ✓ Since the installation of the PV system, our combined use of 13,317 MWh of solar energy saved over 8,509 tCO<sub>2</sub>e.
- ✓ We will continue to seek ways to reduce our carbon footprint in line with the UN SDGs.



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

# Energy Management

Increasing the use of renewable energy

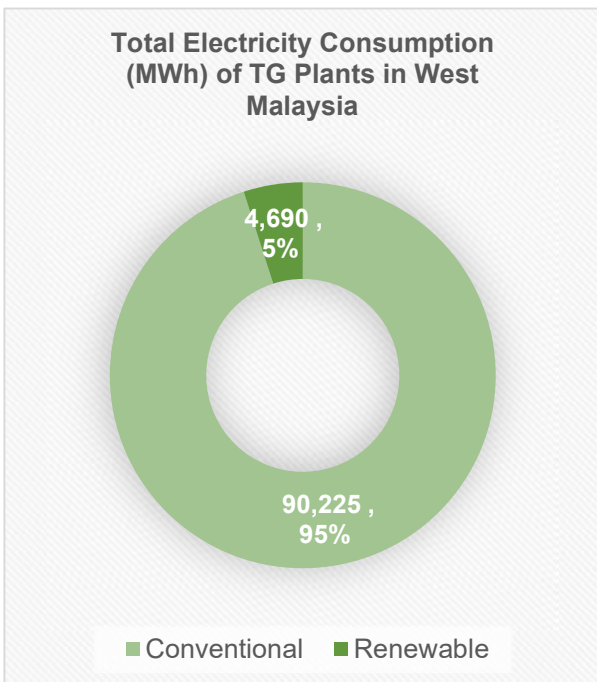
**Objectives**

- 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**



**Exploring natural capital solution**



We have subscribed to Green Energy Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) since the first quarter of 2022. Consequently, we became the largest subscriber in Kedah and the top 10 in Malaysia.

GET electricity is from solar and hydro generators. **We are committed to subscribing to GET for 100% of our electricity requirement for all our polyethene plastic packaging plants in West Malaysia.**

**Challenges** of PV System as a source to achieve 100% renewable electricity.

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

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.

**Conclusions**

- ✓ In 2021, we achieved 5% renewable electricity consumption for TG’s West Malaysia’s production plants.
- ✓ We will continue to support the growth of renewable energy, optimise our operational efficiency and maximise renewable energy where possible.
- ✓ We will continue to monitor and explore new technologies that suit our operations to reduce our carbon footprint.

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

# Water Management

### Managing & reducing our water consumption

#### Objectives

To reduce 10% of our FY2021-baseline water consumption per metric tonnes of production out 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



#### Conclusions

- ✓ FY2021 baseline data: 1.96 cubic metres per metric tonnes of production output (West Malaysia plastic productions plants).
- ✓ Our long-term goal is to reduce 30% of our FY2021-baseline water consumption per metric tonnes of production output by 2050.

#### Operational water footprint

Water is a critically important resource. Cutting water consumption reduces our utility costs and environmental impact. We have been cautious in managing our water consumption and practising a re-use approach in our daily operation.

To further improve our water management, we set a target for water consumption in FY2021 and committed to continuously reducing our water consumption.

We make efforts to conserve water resources by using water efficiently and preventing water pollution.

#### Our action plans

- Practise the re-use approach in our daily operation.
- Use of technology, i.e. rainwater harvesting system in one of the production plants to capture rainwater for re-use.
- Perform analysis to ensure the quality of discharged water complies with legislative requirements.
- Quantify our operational water footprint.
- Pledged to reduce our water consumption.

**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 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**



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 aim to achieve zero internal plastic production waste by 2030. This means 100% of our industrial waste will be 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 FY2021, we have converted 481 MT of post consumer wastes into green products.

**ZERO Production Plastic Waste by 2023.**

\* This is in line with the national target published by KASA (Kementerian Alam Sekitar Dan Air) in Malaysia Plastics Sustainability Roadmap 2021 – 2030.

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

**Conclusions**

Internal Plastic Waste:

- ✓ We achieved significant results in our PIR resins consumption and are on track to achieve our FY2023 target.
- ✓ In FY2023, we aim to achieve zero production plastic waste

\* 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**



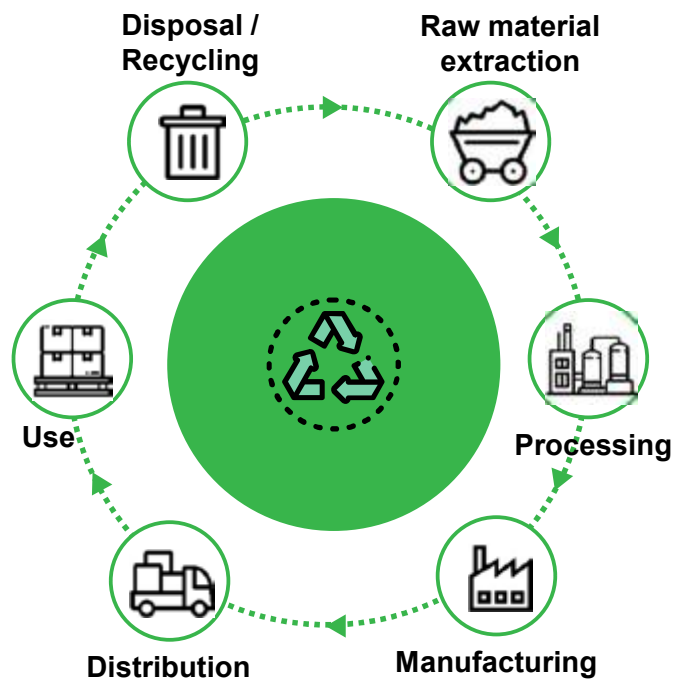
**Product stewardship through Life Cycle Assessment (LCA)**

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.

We begin conducting LCA in FY2021. The efforts have achieved 57% LCA coverage by stretch films production volume.

**LCA Framework**



**Conclusions**

- ✓ In FY2021, we have arrived to a total of 57% LCA coverage for our stretch films.
- ✓ 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 TGSB
- To improve the formulation of recycled resins beyond 50% recycled content
- To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

**Our Sustainability Indicator**



## TGSB Plastic Industries



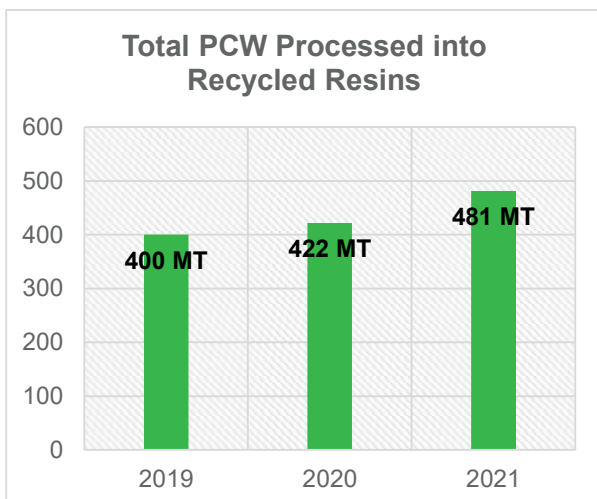
As a plastic packaging manufacturer, we know the challenges of plastic circularity. We believe recycling is one of the practical solutions to address these issues. We focus on driving changes of our stakeholders' perception towards recycling.

**Our Focus & Commitment**

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

**TGSB Plastic Industries Sdn. Bhd.**

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



**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 our sustainability 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 TGSB
- To improve the formulation of recycled resins beyond 50% recycled content
- To contribute 15% of the plastic packaging division's total revenue for low carbon products (at least 30% & above recycled content) by 2025

**Our Sustainability Indicator**



**TGSB 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.

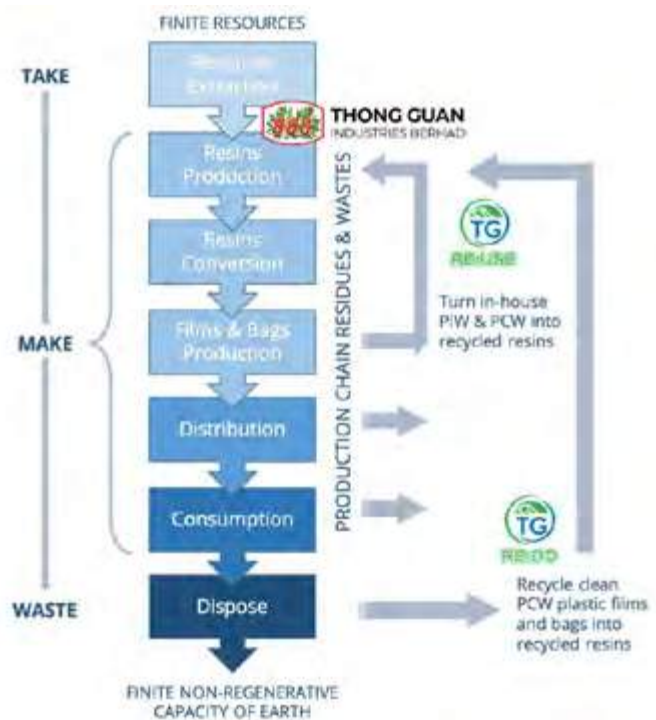
**Suppliers**

- 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 day-to-day operations.

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



**Conclusions**

- ✓ Invested a total of RM 3.3 million in recycling machines since 2016.
- ✓ In FY2021, 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**



**Walking the talk**

In FY2021, we began the process of getting certified based on two globally recognised standards. The aim is to solidify our commitment towards sustainability while helping our customers in achieving theirs.

**ISCC PLUS Certificate**

- Officially rewarded with an ISCC Plus certificate in December 2021.



- ISCC Plus certified products is a proof of successfully audited production processes to achieve sustainability.
- It means, behind the scenes, our engineers took the painstaking process of calculating GHG emissions and savings of the materials used in the products from source to market.

**Conclusions**

- ✓ Identified ISCC & GRS as the standards to pursue & obtained ISCC PLUS & GRS certificates.
- ✓ Voluntarily disclose our product's GHG emissions under ISCC PLUS.





**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**



**GRS Certificate**



- TG’s flexible packaging division rewarded with GRS certificate for recycled products, resins, and processes.
- The certification provide our customers with a tool to make informed decisions regarding purchasing our products.
- We have an aligned definition of what recycled content constitutes across multiple applications, enabling our clients to use the same system for their quantification.
- The recycled content, which is the input materials in our products, is trackable, traceable, audited and formally verified.
- We can manage any traceability risks better with the certification of our management systems or products.
- Improve our stakeholder communication with measurable results.
- Reduce the harmful impact of our production processes on the people and the environment.
- Assure our customers that the materials in our final product are truly recycled and processed more sustainably.
- We are driven to address any quality issues in the use of recycled materials.

**Conclusions**

- ✓ Identified ISCC & GRS as the standards to pursue & obtained ISCC PLUS & GRS certificates.
- ✓ Voluntarily disclose our product’s GHG emissions under ISCC PLUS.

## 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



### Introducing #LoopClosers

In 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.



#### Features Highlight

- Traceable 30% recycled content with green reporting (ISCC Plus)
- Achieve optimum wrap with higher holding force
- Load stability & integrity reduce waste from damaged goods
- Relatively cost efficient compared to virgin plastic material
- Build for sustainability without sacrificing properties of stretch film
- No easy snapping with highly consistent film thickness

### NanoGreen, Reimagining Recycling

In line with the market demand and UK Plastic Packaging Tax 2022, we launch nano stretch films containing 30% recycled content—NanoGreen to reduce the reliance on virgin materials.

NanoGreen is a 15-µm high-quality recycled machine film with 30% post-industrial waste. With the features of thin and high recycled content, our customers can go greener while enjoying the benefits of the high containment force needed to protect their goods—further reducing waste from damage goods.

Designed to help our customers to achieve sustainability goals, **the CO2 emission of NanoGreen is at least 20% lower compared to conventional stretch film.** It also promotes load safety with consistent film thickness that prevents easy snapping.

## ENVIRONMENTAL **CIRCULARITY** 3. PRODUCT INNOVATION

# #LoopClosers

Closing the loop with hand rolls option

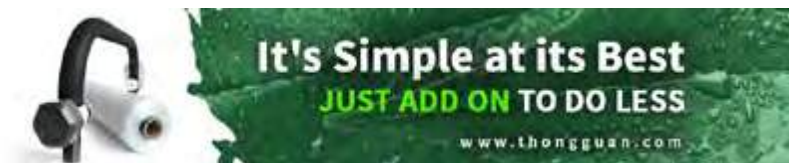
### Objectives

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

### Our Sustainability Indicator



## Bolt & FlexLite30—making sustainability possible even for hand wrapping



Bolt is a fatigue fighter designed to solve consistency issues for hand wrapping. It gives our customers peace of mind from film snapping, which leads to more wastage.

The film dispenser now comes with a sustainable options—FlexLite30, a pre-stretched film with 30% recycled content. Further strengthening our aspirations to enable our customers to achieve their sustainability goals even for hand wrapping.



## ENVIRONMENTAL **CLIMATE POSITIVE**

### 1. GREEN IMPACT

# Green Product Design

Reducing carbon footprint through nano technology

#### 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



#### Nano Series:

### Reducing film thickness without compromising functionality performance

We are one of the first few manufacturers promoting nanotechnology in multi-layered stretch film. One of the most excellent benefits of nano stretch film is that it can reduce the thickness of the film while retaining a strong holding force on the wrapped pallet. Decreasing thickness also means consuming fewer materials and energy, making it more environmentally friendly.

#### NANOTrusted

Our polyethylene stretch film has been assessed and fulfilled the requirements of NANOTrust Scheme. This means, our Nano55 series and Nano33 series are certified nano under NanoVerify Programme and NanoTrust Scheme respectively.



## ENVIRONMENTAL CLIMATE POSITIVE

### 1. GREEN IMPACT

# Green Product Design

Reducing carbon footprint through more savings

#### 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



### Downgauging starting with Maxstretch

Our downgauging initiatives started in 2008 when we launched the Maxstretch series. Despite being the market leader in thin-film manufacturing back then, we did not stop where we were but continued to explore and invest in new technology to optimise the best packaging solution for our customers. Subsequent products that follows are designed and produced with downgauging in mind, such as Guardian, Nano33, and Nano55.

### Get Greener with Data

Newton was also set up to support this mission by providing neutral, evidence-based data on our film's performance and selecting the optimum wrapping film for our customers. *Get Greener with Data* is Newton's motto.

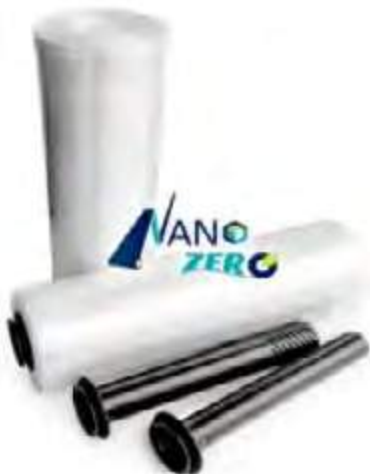
*Get Greener with Data* is an approach to achieve sustainability through testing, data collection, analytics and optimization based on evidence-based data.

### Nano Zero lets you use to the last metre

We also constantly review the design of our products. Our initiatives, including launching Nano Zero. We optimise resources and move towards responsible consumption and production to do away with paper cores that usually come with conventional stretch films.

Nano Zero is coreless. The savings made from eliminating paper waste and the residual film leftover on throwaway cores could easily range between 10% to 15% of the product.

It is cost-effective in saving on paper core, shipping costs due to additional core weight, and hassles of disposing of the paper core. We estimated about 57.6 kg of the paper core is eliminated for a pallet of Nano Zero.



## 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 global 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.

### Deliver Goods Undamaged

The hidden cost of damaged goods impacts not just businesses but also the 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.

### Conclusions

- ✓ Newton continues focus on cargo safety & ensure our stretch film quality safe for transportation
- ✓ Collaborated with customers & suppliers to promote load stability & safety in minimising accidents & wastages during transportation
- ✓ Our executive director was the speaker in a webinar organised by ExxonMobil to promote the "Cargo Safe" concept in China.

We advocate designing products and 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.

# 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.

#### 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.

### 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

### SOCIAL CONTRIBUTION

#### Scope & Strategies:

1. CSR
2. Education
3. Underprivileged 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.

### 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.

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

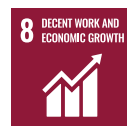
# Equal Opportunities

### 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, while other business units have taken the initiative to get SMETA accreditation or its equivalent to ensure no human rights violations across the organisation. In 2021, we also started 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.

#### Our Policy On Human Rights Practices

We embrace the following to ensure the rights of our employees are always respected and fulfilled. 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

#### Conclusions

FY2021, we observed

- ✓ ZERO incident of unfair employment, violation of labour laws, harassment, child and forced labour



SOCIAL **HUMAN RIGHTS PROTECTION**  
2. DIVERSITY & INCLUSION

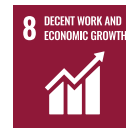
# Welcoming Workplace

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. Diversity sparks innovation, 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.



### 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.

### Conclusions

- ✓ FY2021, we observed ZERO incidents of unfair employment, violation of labour laws, unfair harassment, and child and forced labour
- ✓ FY2021, we employed 5 employees with disabilities and 25 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 members by FY2023
- To achieve 50% women leadership by FY2025

**Our Sustainability Indicator**



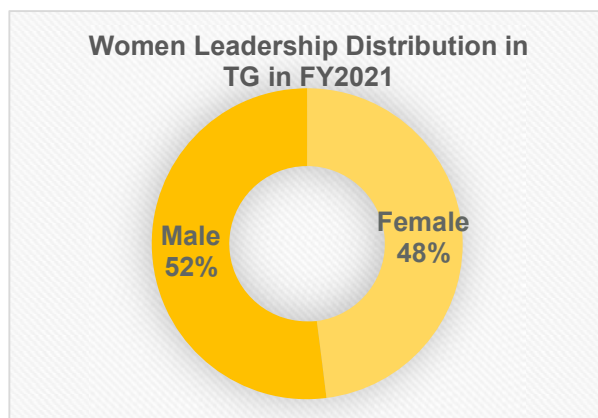
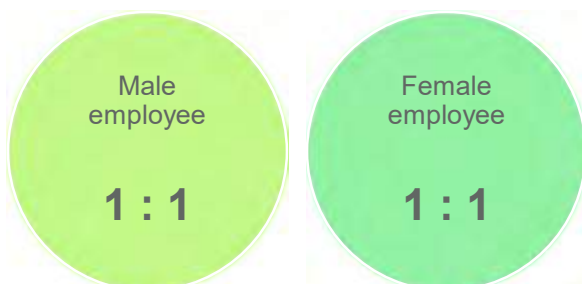
**The power of women leadership**

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 FY2021, we have 48% of women in our management team. They held positions of section and departmental heads.

35% of our global workforce are female employees as at 31 Dec 2021.

**Employee entry level wage to minimum wage ratio**



**Board Diversity**

Under the Malaysian Code of Corporate Governance, the board should at least comprises 30% of women directors. Currently, Thong Guan does not have a female director, and we recognise the importance of board diversity, and board decisions should consider diverse perspectives and insights.

The board must ensure to include suitable women candidates in our board election moving forward.

**Conclusions**

- ✓ We have 48% women leaders in Thong Guan. We target to increase the women leaders to 50% by FY2025
- ✓ There are currently no women Board Members. We will include suitable women candidates in board election moving forward

**SOCIAL** **HEALTH & SAFETY**  
**1. BUSINESS CONTINUITY PLAN**

# Covid-19 Pandemic

Protecting our people through business continuity plan

**Objectives**

To ensure business operations continue while our people are safe and protected from the adverse effects of Covid-19 pandemic, such as contracted virus, pay cut, loss of job and others that will affect their well-being

**Our Sustainability Indicator**



The COVID-19 pandemic incurred significant disruptions to businesses globally in 2020 & 2021. The impacts exempted no industry—from protecting employees extensively to compromised supply chains, costs fluctuations, and raw materials shortages. It tested our ability at all levels to manage the well-being of our employees and surrounding communities.

**Business continuity**

The management team closely monitors our response to COVID-19. They work closely with all Business Unit Heads to address operational and tactical issues. We closely follow the rules of local governments of the countries we operate in and offer ongoing communications across the organisation and to our stakeholders, providing updates on developments, impacts, and solutions related to our plants, people, and business. We are proactively communicating with partners, suppliers and our customers to avoid disruption during this period.

**Employee care**

Protecting the health and safety of our employees is our number one priority. We have taken steps to keep our employees safe, including safeguarding sites, providing PPE to employees and ensuring SOP compliance with local authorities. We implemented the "Work from Home" policy during the MCO period. Additionally, regular emails provide guidance together with preventive measures for employees. We educate our employees on vaccination and provide transportation to vaccine center. Our employees are fully vaccinated by Oct 2021.



**Business continuity planning**

Our primary goal for business continuity planning is to allow business operations to continue under the adverse condition of Covid-19 pandemic while ensuring the safety of our people. When business continues, the wellbeing of our people is protected as well.

**SOCIAL** **HEALTH & SAFETY**  
**2. SAFE & CONDUCTIVE 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

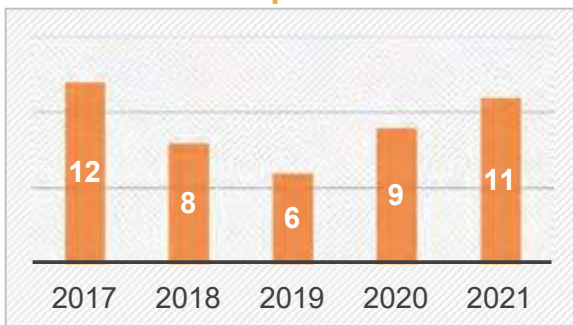
**Our Sustainability Indicator**



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.

We also improving on our accident reporting channel so that accident will be reported on promptly basis.

**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.

**Conclusions**

- ✓ Zero fatality in FY2021
- ✓ Investigations were conducted on major accidents

SOCIAL **HEALTH & SAFETY**  
2. 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**



## Employee well-being

Offering employees, a well-designed and comfortable work environment is integral to our commitment to investing in our workforce. This includes providing well-ventilated offices and noise pollution according to applicable regulations.

We appreciate that diverse roles require different working hours, routines and approaches. The production process, for example, involves shift and rotation work that offers less flexibility. Our site supervisors are empowered to discuss individual needs to balance work and rest and are expected to respond appropriately.

During the COVID-19 pandemic, many of our employees were given the option of working from home. We provided face masks to the employees. We conduct RTK Antigen testing on a biweekly basis according to requirements. We educate our employees on vaccination and provide transportation to vaccine center. Our employees are fully vaccinated by Oct 2021.



While our overall performance regarding the management of COVID-19 has been excellent, it is with a heavy heart that we share the news of one colleague from Sungai Petani passing away in 2021. We provided moral and financial support to family members through this challenging period.

We also ensure adequate insurance and hospitalisation coverage for all workforce.



**Conclusions**

- ✓ Our employees are fully Covid-19 vaccinated by Oct 2021.
- ✓ All Thong Guan employees are insured with medical & hospitalisation coverage.

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**

- Remuneration & benefits
- Job security
- Recognition

**Work**

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

**Industrial**

- Rosters
- Accommodation
- Amenities
- Health & safety

**Opportunities & Growth**

- Career progression
- Training & development
- Interesting & challenging work
- Performance feedback

## 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.



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.

#### Conclusions

- ✓ FY2021, we clocked 4,690 structured training hours for our employees

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.

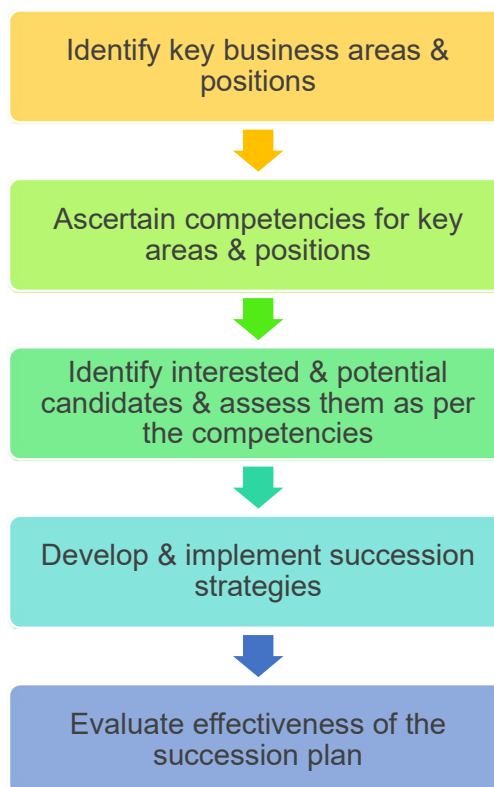
### Conclusions

- ✓ 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.





## SOCIAL **SOCIAL CONTRIBUTIONS** 4. CORPORATE SOCIAL RESPONSIBILITIES

# Giving Back

### Helping others during hard times

#### Objectives

- To support families affected by the Covid-19 pandemic
- To support and collaborate with the government in providing help for Covid patients
- To contribute to the government in setting up vaccination centres

#### Our Sustainability Indicator



### Contribution to society

To get through the COVID-19 pandemic together, we actively responded and supported our communities through CSR activities.



#### Adapting to the new normal

The world made significant progress in addressing the Covid-19 challenges, yet the disruptions still impact us on many levels.

From cancelled business travel to virtual meetings and investment in automation. We made efforts to support our employees working remotely.

We are proud of our employees and their commitment to our business continuity during this period. We all share the same value of contributing to society.

We offer our gratitude to everyone who helped safeguard the well-being of our employees and look forward to working alongside our partners, suppliers, customers and other stakeholders to continue delivering outstanding products and solutions that benefit society.

#### Conclusions

In FY2021, we

- ✓ Supported >400 people affected by Covid-19 by providing essential items to them through our F&B business unit
- ✓ Donated our pallets (converted into temporary bed frames) to Hospital Sultan Abdul Halim to ease the hospital bed shortages during the Covid-19 critical period
- ✓ Collaborated with Invest Kedah and MITI to set up PIKAS PPV centre



**SOCIAL SOCIAL CONTRIBUTIONS**  
**4. CORPORATE SOCIAL RESPONSIBILITIES**

# CSR Projects

Giving back to our communities in every way we can

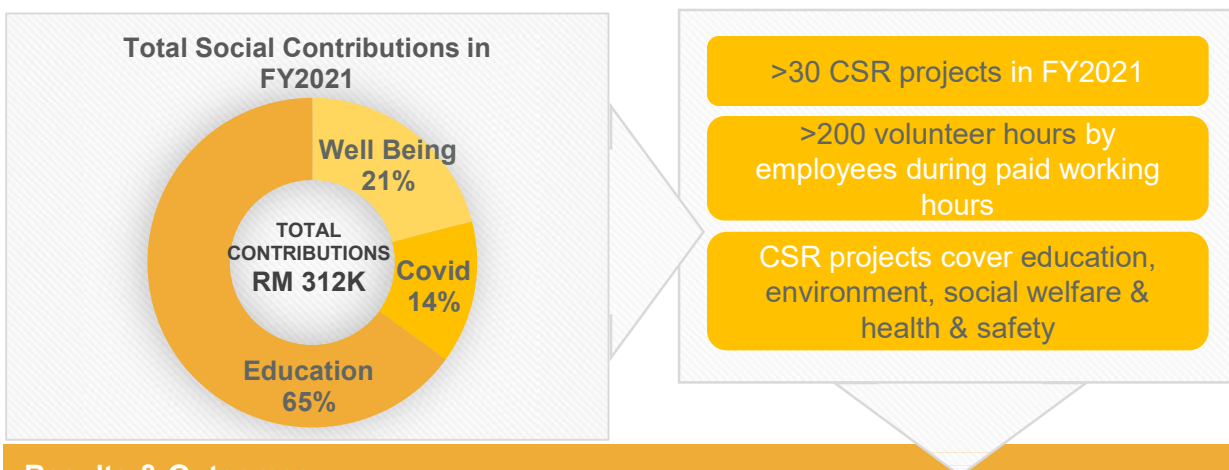
**Objectives**

- 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**



Our business has positively impacted the communities where we operate. We will continue to achieve sustainable social, environmental and economic value through our CSR initiatives. We also address major global community challenges by following the UN SDGs guidelines.



**Results & Outcomes**

**Education**

- ✓ >RM 200K monetary contributions to local schools to support needful students
- ✓ >500 paid working hours by TGIB to support staff on recycling and reducing carbon footprint education

**COVID-19**

- ✓ Supported >400 people affected by Covid-19 by providing essential items
- ✓ Donated our pallets (converted into temporary bed frames) to Hospital Sultan Abdul Halim to ease the hospital bed shortages
- ✓ Collaboration with Invest Kedah and MITI (Ministry of International Trade and Industry) to set up PIKAS PPV centre

**Environment**

- ✓ Collaborated with associations & government agencies to support the net-zero goal
- ✓ Supported MPMA's (Malaysian Plastics Manufacturers Association) initiatives on environmental issues, our executive director promotes sustainable plastic packaging as the speaker in MPMA Plastech Month 2021

**Thong Guan Foundation**

- ✓ In 2019, Thong Guan Foundation was established to provide assistance and relief to the poor, aged, sick, old, disabled, orphans and victims of violence and abuse.
- ✓ In March 2022, Thong Guan Industries Berhad sponsored RM1 million to Thong Guan Foundation to support the charity efforts of the foundation.

# 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

## ETHICS & TRANSPARENCY

**Scope:**

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

**Strategies:**

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

**Value Creation:**

To build trust and confidence among stakeholders

OUR  
GOVERNANCE  
GOALS

## 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

## 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**



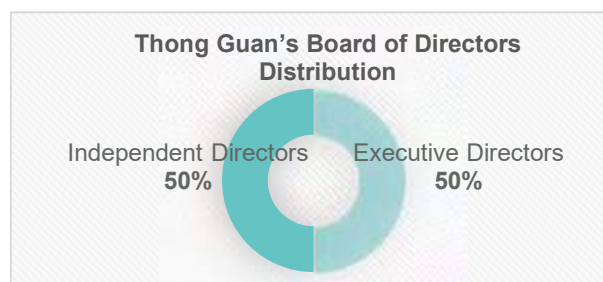
**Objectives**

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 2021, 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.

**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.

**Conclusions**

✓ 100% board meeting attendance

✓ 100% independent directors on audit, nominating & remuneration committee

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, and confidential reporting. We 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 FY2021, we reviewed and updated our risk analysis in relation to anti bribery and corruption. Anti-corruption training was carried out in FY2021. Below is our anti-corruption and anti bribery data for FY2020 and FY2021.

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

**Conclusions**

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

**GOVERNANCE** **DIGITALISATION**

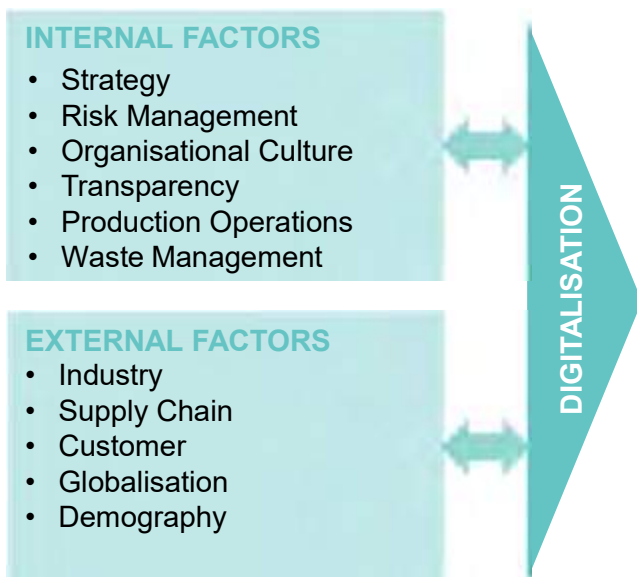
# Digital Transformation

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**



**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.

Our digitalisation initiatives in FY2021 also include implementing the auto weighing system on the production floor and introducing a digital monitoring and reporting on waste management.

In 2022, we plan to upgrade procurement 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.

**Conclusions**

- ✓ Implemented Manufacturing Execution System (MES) to track and document the transformation of raw materials to finished goods
- ✓ Automated the weighing system on the production floor
- ✓ Introduced digital monitoring and reporting on waste management

## GOVERNANCE **SUSTAINABLE OPERATIONS**

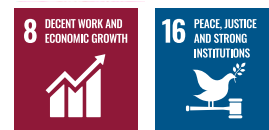
# Continuous Improvements

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.



Eleven Malaysian companies made it to Forbes Asia's Best Under A Billion 2021, which recognises 200 top performing publicly listed small and mid-sized companies in the Asia-Pacific region with less than US\$1 billion (RM 4.16 billion) in revenue and consistent top- and bottom-line growth.



### Conclusions

- ✓ Despite the Covid-19 pandemic, our company still recorded an increase in revenue by 26.5% and PAT increase by 22.1%
- ✓ Paid 5.5 cents per share dividend to shareholders (total RM 21.1 M) to shareholders
- ✓ Paid RM 14.7 M tax to support the development of the countries where we operate
- ✓ Thong Guan Industries made into the list of Forbes Asia's Best Under A Billion 2021, one of the only eleven Malaysian companies.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Corporate Governance Overview Statement sets out how the Company 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 roles 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 (‘Board 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](http://www.thongguan.com).

All decisions and deliberations at Boards 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.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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

- 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.

- 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 2021.

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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 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.

The Board comprised 8 Directors of which half of the Board are INEDs as at the date of this Annual Report 2021 as follows:

<b>Independent Non-Executive Chairman</b>	DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin
<b>Managing Director</b>	Dato' Ang Poon Chuan
<b>Executive Directors</b>	Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming
<b>Independent Non-Executive Directors</b>	Tengku Muzzammil Bin Tengku Makram Chow Hon Piew Dato' Kang Pang Kiang

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

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.

### IV. 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 Committee consists entirely of INEDs as tabulated:

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

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

During the financial year ended 31 December 2021, the NC met on one (1) occasion and resolved the following key activities:-

- Review the current board structure, size and composition,
- Conducted the annual assessment of the Directors, and Board Committees,
- Reviewed the level of independence of INEDs;
- Reviewed the term of office and performance of AC; and
- Recommended the re-appointment, re-election and retention of Directors.

The Nominating Committee also systematically reviews the required mix of skills, experience and other qualities, including core competencies of the members of the Board on an annual basis. The assessment also considered the qualifications, contributions and performance of Directors 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.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 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 has yet to have a woman director. The NC will however continue to take steps to ensure suitable women candidates are sought as part of its recruitment exercise.

The NC met to deliberate on the retirement by rotation of Directors and their eligibility for re-election at the Company's Annual General Meeting ("AGM"). New appointees will be considered and evaluated by the NC before recommending the candidates to be approved and appointed to the Board. The Company secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

The Directors who are subject to re-election and/or re-appointment at the next Annual General Meeting is assessed by the NC and upon satisfactory evaluation of the Directors, recommended to the Board and shareholders for re-election and/or re-appointment. The statement for justification of re-election of Directors 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

The Remuneration Committee currently comprised the following:

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

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

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

The remuneration of the Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them as well as the onerous 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 2021 is as follows:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### V. Remuneration Committee (Cont'd)

	Salaries (RM'000)	Bonus, Other Allowance, Benefit in Kind & ESOS (RM'000)	EPF Contribution by Employer (RM'000)	Fees (RM'000)	Total (RM'000)
<b>Company</b>					
<b>Executive Directors</b>					
Dato' Ang Poon Chuan		114		40	154
Dato' Ang Poon Khim		99		40	139
Datuk Ang Poon Seong		99		40	139
Ang See Ming	150	149	23	40	362
<b>Non-Executive Directors</b>					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		155		40	195
Tengku Muzzammil Bin Tengku Makram		47		40	87
Chow Hon Piew		13		40	53
Dato' Kang Pang Kiang		13		40	53
<b>Total</b>	<b>150</b>	<b>689</b>	<b>23</b>	<b>320</b>	<b>1,182</b>
<b>Group</b>					
<b>Executive Directors</b>					
Dato' Ang Poon Chuan	948	476	52	124	1,600
Dato' Ang Poon Khim	900	452	50	128	1,530
Datuk Ang Poon Seong	468	226	24	88	806
Ang See Ming	430	237	66	104	837
<b>Non-Executive Directors</b>					
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin		155		40	195
Tengku Muzzammil Bin Tengku Makram		47		40	87
Chow Hon Piew		13		40	53
Dato' Kang Pang Kiang		13		40	53
	<b>2,746</b>	<b>1,619</b>	<b>192</b>	<b>604</b>	<b>5,161</b>

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### 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:

	Board	Committees		
		Audit	Nominating	Remuneration
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	4/4	-	-	-
Tengku Muzzammil Bin Tengku Makram	4/4	4/4	-	-
Dato' Ang Poon Chuan	4/4	-	-	-
Dato' Ang Poon Khim	4/4	-	-	-
Datuk Ang Poon Seong	4/4	-	-	-
Ang See Ming	4/4	-	-	-
Chow Hon Piew	4/4	4/4	1/1	1/1
Dato' Kang Pang Kiang	4/4	4/4	1/1	1/1

Notes:

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

### 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, all 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
Management	<ul style="list-style-type: none"> <li>Business Transformation Post Covid</li> </ul>	<ul style="list-style-type: none"> <li>Dato' Ang Poon Khim</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>Are you A Leader or a Laggard? ESG Reporting Health Check</li> </ul>	<ul style="list-style-type: none"> <li>Dato' Ang Poon Chuan</li> <li>Dato' Ang Poon Khim</li> <li>Chow Hon Piew</li> </ul>
	<ul style="list-style-type: none"> <li>A Lasting Legacy: Ensuring The Future of Your Family Business</li> <li>Share Buyback &amp; Dealing in Listed Securities, Closed Period and Insider Trading.</li> </ul>	<ul style="list-style-type: none"> <li>Dato' Ang Poon Khim</li> </ul>
	<ul style="list-style-type: none"> <li>Fundamental of Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Dato' Kang Pang Kiang</li> </ul>
	<ul style="list-style-type: none"> <li>Update on MCGG 2021</li> <li>Update on public shareholding spread</li> </ul>	<ul style="list-style-type: none"> <li>DYTM Tengku Sarafudin Badlishah</li> <li>Ibni Sultan Sallehuddin</li> <li>Tengku Muzzammil Bin Tengku Makram</li> <li>Dato' Kang Pang Kiang</li> <li>Chow Hon Piew</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>
Finance	<ul style="list-style-type: none"> <li>MIA Virtual Conference Series: Capital Market Conference 2021</li> </ul>	<ul style="list-style-type: none"> <li>Dato' Ang Poon Chuan</li> <li>Dato' Ang Poon Khim</li> <li>Datuk Ang Poon Seong</li> <li>Ang See Ming</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The AC of the Company comprises three (3) INEDs. The AC is chaired by Mr. Chow Hon Piew. He is not the Chairman of the Board. There is no policy to observe a cooling-off period of at least 3 years before being appointed a member of the AC. However, there is no former audit partner of the external audit firm in 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 was any changes in the risk identified. Details on the internal audit function are discussed under SORMIC in Annual Report 2021.

## 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](http://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](mailto: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](http://www.bursamalaysia.com).

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT *(Cont'd)*

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**

The Chairman of the meeting had at the last 26<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 structured 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 2021 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 29 April 2022.

## OTHER INFORMATION

### Audit and Non-audit Fee

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2021 is as follows:-

Type of Audit	Fee (RM'000)	
	Company	Group
a) Audit fee	40	324
b) Non Audit fee	58	124

### Recurrent Related Party Transaction

Detail of recurrent related party transaction made during the financial year ended 31 December 2021 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 31.12.21 RM'000
Sales of plastic products (plastic bag, stretch film, shrink film, laminated film etc)	UPI ( Seller )	KFI ( Buyer )	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	1,652
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	8,462
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	35,520
Purchase of snack food	JUS ( Buyer )	KFI ( Seller )	Dato' Ang Poon Chuan Datuk Ang Poon Seong Dato' Ang Poon Khim	7,230
Renting of factory and warehouse premise at Plot 156 and Plot 33, Kawasan Perusahaan Sg. Petani, 08000 Sg. Petani, Kedah.	TGPP ( Tenant )	BV ( Landlord )	Dato' Ang Poon Chuan Ang See Ming	211
Renting of factory premise at No.24 (DBKK Building No.6), District of Kota Kinabalu, Sabah.	UPI ( Tenant )	KP ( Landlord )	Datuk Ang Poon Seong	78
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	120
Sales of noodle products	STGT (Buyer)	EFI (Seller)	Ang See Ming	772
Purchase of beverages and plastic products	STGT (Seller)	EFI (Buyer)	Ang See Ming	8
Provision of temporary financial assistance	TGIB, STGT (Lender)	EFI (Borrower)	Ang See Ming	-



## OTHER INFORMATION (Cont'd)

### Recurrent Related Party Transaction (Cont'd)

Nature of Transactions	Name of Company	Related Party	Interested Directors	Cumulative Value of Transactions as at 31.12.21 RM'000
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	544
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	2,075
Purchase of plastic products	TGWPP (Seller)	TGSH (Buyer)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	210
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	390
Purchase of plastic products	TGWPP (Seller)	Winner (Buyer)	Ng Chiu Bun	71,252
Purchase of plastic products	TGWPP (Seller)	Landblue (Buyer)	Ng Chiu Bun	3,772
Sales of plastic products	TGWPP (Buyer)	Landblue (Seller)	Ng Chiu Bun	9,911
Sales of PVC Products	TGTT (Buyer)	TGPW (Seller)	Dato' Ang Poon Chuan Dato' Ang Poon Khim Datuk Ang Poon Seong Ang See Ming	1,826
Bounty Values Sdn Bhd		BV		
Everprosper Food Industries Sdn Bhd		EFI		
Jaya Uni'ang (Sabah) Sdn Bhd		JUS		
Kimanis Food Industries Sdn Bhd		KFI		
Kimanis Property Sdn Bhd		KP		
Syarikat Thong Guan Trading Sdn Bhd		STGT		
TG Power Wrap Sdn Bhd		TGPW		
TGP Marketing Sdn Bhd		TGPM		
TGSH Plastic Industries Sdn Bhd		TGSH		
Thong Guan Plastic & Paper Industries Sdn Bhd		TGPP		
TG Plastic Technologies Sdn Bhd		TGPT		
Uniang Plastic Industries (Sabah) Sdn Bhd		UPI		
TGW Plastic Packaging Sdn Bhd		TGWPP		
Winner Bright International Industrial Limited		Winner		
Landblue Co. Ltd		Landblue		
Thong Guan Trading (Thailand) Co., Ltd.		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 2021.

## Responsibility

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

## Organisational and Reporting Structure

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

## Risk Management Framework

The management has established a process for identifying, evaluating and managing risks through the adoption of an Enterprise Risk Management (ERM) Framework. These include the formation of a Risk Management Task Force (RMTF) which was delegated with the task of identifying risks within the Group. The Board through its Audit Committee reviews this process on a quarterly basis. The main objective of the review is to formalise and embed a risk management process across the Group in order to sensitise all employees within the Group to risk identification, evaluation, monitoring, and reporting. The formalisation of the ERM framework encompasses the following activities:

- To update the profiles of main operating companies in the Group according to the ERM framework; and
- To execute risk-based internal audits that are reviewed by the Audit Committee and the Board on the adequacy and integrity of the system of internal control.

## Internal Audit Function

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 meeting, 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 internal audit reports prepared, which include the recommendation and action plans by the Management, are discussed at the AC Meetings. Follow-ups, where applicable, are conducted to ensure that all action plans from each audit are adequately addressed by auditee/Management and the progress will be updated at the AC Meetings.

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

## Other Risk and Control Processes

- The Group's policies and standard operating procedures, set out the policies, procedures and standards of the Group's operations to be followed by all employees. The policies and procedures are reviewed and updated where applicable to maintain their effectiveness over time.
- The Board and 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 Director briefs the Board on significant changes in the business and external environment, which affect the operations of the Group at large.
- The Group has in place a Management Reporting mechanism whereby financial information is generated and reviewed by 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 various Management Meetings which act as a monitoring mechanism.
- The Group is committed to upholding a strong culture of integrity and ethical value, as emphasised in the Business Ethics and Code of Conduct.
- The Group has put in place a whistleblowing policy which allows, supports and encourages its employees and third parties to report and disclose any improper or illegal activities within the Group. The Group is committed to investigate any suspected misconduct or breach reported, as well as protect those who come forward to report such activities.
- The Group adopted a zero-tolerance approach to all forms of bribery and corruption. The Group is committed to conducting its business free from any acts of bribery and corruption by upholding high standards of ethics and integrity. The Group has established an anti-bribery and anti-corruption policy which prohibit all forms of bribery and corruption practices.
- Certain major subsidiaries of the Group have been successfully maintaining 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 assurance from the Group Managing Director and Executive Director that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

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

## 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 2021, 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.

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 satisfied with the adequacy, integrity and effectiveness of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure in the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

This statement was approved via a resolution of the Board dated 29 April 2022.

# AUDIT COMMITTEE REPORT

## Audit Committee Composition and Attendance

The Board of Directors ("Board") is pleased to present the Audit Committee report for the financial year ended 31 December 2021 ("FY2021"). The Audit Committee ("AC") currently comprises the following directors:-

Directors	Position	Attendance
Chow Hon Piew	Chairman, Independent Non-Executive Director	4/4
Dato' Kang Pang Kiang	Member, Independent Non-Executive Director	4/4
Tengku Muzzammil Bin Tengku Makram	Member, Independent Non-Executive Director	4/4

During FY2021, the committee had met four (4) 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 are 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 FY2021 in discharging their functions and duties were as follows:

### Financial reporting

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

### External audit

- Reviewed the audit plan from the external auditors, the audit strategy, scope of work for the year and general extent of the auditors' audit examinations;
- Reviewed the external audit results, audit report, audited financial statements as well as management letter (if any) and the response from the management;
- Met twice (on 18 November 2021 and 28 February 2022) with the external auditors without the presence of the Executive Director and management staff to enquire the extent of assistance rendered by the Management, issues on audit and accounting (if any), suggestions arising from audit and any other issues of concern to the auditors; and
- Reviewed and 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.

### Internal audit

- Reviewed with the internal auditors on the scope of work and approved the annual audit plan in respect of FY2021;
- 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
- 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 FY2021.

# AUDIT COMMITTEE REPORT *(Cont'd)*

## **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 2021;
- c. Reviewed and approved the AC Report for inclusion in the Annual Report 2021; 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 FY2021 was RM60,000.

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

- a. Presented an internal annual plan for approval by AC. The internal audit plan covered key operational activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage of operational activities on a regular basis.
- b. Performed audit on Sales and Credit Control, Logistics Management, Indirect Material Requisition planning & Repair and Maintenance Control 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 29 April 2022.

# DIRECTORS' REPORT

for the year ended 31 December 2021

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 2021.

## 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	92,876	21,260
- Non-controlling interests	5,136	-
	<u>98,012</u>	<u>21,260</u>

## Reserves and provisions

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

## Dividends

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

- i) In respect of the financial year ended 31 December 2020 :
  - a final dividend of 1.50 sen per ordinary share, totalling RM5,682,436 recommended by the Board of Directors on 25 February 2021, approved by shareholders on 27 May 2021 during the Company's 26<sup>th</sup> Annual General Meeting and paid on 19 July 2021.
- ii) In respect of the financial year ended 31 December 2021 :
  - a first interim dividend of 1.00 sen per ordinary share, totalling RM3,788,290 declared on 27 May 2021 and paid on 18 August 2021;
  - a second interim dividend of 1.00 sen per ordinary share, totalling RM3,831,196 declared on 26 August 2021 and paid on 18 November 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.

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

# DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2021

## 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  
Dato' Kang Pang Kiang

## 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

## 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 :

	Number of ordinary shares			Balance at 31.12.2021
	Balance at 1.1.2021	Bought/ Converted	(Sold)	
<b>Interests in the Company</b>				
Dato' Ang Poon Chuan :				
- own	1,703,408	-	-	1,703,408
- others #	834,566	288,000	-	1,122,566
Datuk Ang Poon Seong				
- own	3,551,116	150,000	-	3,701,116
- others #	83,200	99,800	-	183,000

# DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2021

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

	Number of ordinary shares			Balance at 31.12.2021
	Balance at 1.1.2021	Bought/ Converted	(Sold)	
<b>Interests in the Company (Cont'd)</b>				
Dato' Ang Poon Khim				
- own	3,584,586	343,000	(304,800)	3,622,786
- others #	315,300	55,000	(185,000)	185,300
Ang See Ming - own	1,962,796	-	-	1,962,796
<b>Interests in subsidiaries</b>				
- TGS Plastic Industries Sdn. Bhd.				
<i>Direct interests</i>				
Ang See Ming - own	160,000	-	-	160,000
Datuk Ang Poon Seong				
- own	80,000	-	-	80,000
- TG Power Wrap Sdn. Bhd.				
<i>Direct interests</i>				
Dato' Ang Poon Chuan				
- own	@1	-	-	@1
Ang See Ming - own	@1	-	-	@1
- Everprosper Food Industries Sdn. Bhd.				
<i>Direct interests</i>				
Ang See Ming - own	240,000	-	-	240,000



# DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2021

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

	Number of ordinary shares			Balance at 31.12.2021
	Balance at 1.1.2021	Bought/Converted	(Sold)	

### Interests in subsidiaries (Cont'd)

- TGW Plastic Packaging Sdn. Bhd.

*Direct interests*

Dato' Ang Poon Chuan

- own	@1	-	-	@1
-------	----	---	---	----

Dato' Ang Poon Khim

- own	@1	-	-	@1
-------	----	---	---	----

### Employees' Share Option Scheme ("ESOS")

	Balance at 1.1.2021	Granted	(Exercised)	Balance at 31.12.2021
--	---------------------	---------	-------------	-----------------------

### Interests in the Company

Dato' Ang Poon Chuan

- own	1,149,000	-	-	1,149,000
-------	-----------	---	---	-----------

- others #	690,000	-	(28,000)	662,000
------------	---------	---	----------	---------

Datuk Ang Poon Seong

- own	1,029,000	-	-	1,029,000
-------	-----------	---	---	-----------

- others #	477,200	-	(99,800)	377,400
------------	---------	---	----------	---------

Dato' Ang Poon Khim

- own	1,029,000	-	(343,000)	686,000
-------	-----------	---	-----------	---------

- others #	432,000	-	-	432,000
------------	---------	---	---	---------

Ang See Ming - own

	1,078,000	-	-	1,078,000
--	-----------	---	---	-----------

# 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

@ Share held in trust for Thong Guan Industries Berhad

None of the other Directors holding office at 31 December 2021 had any interest in the ordinary shares and ESOS of the Company and of its related corporations during the financial year.

# DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2021

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and certain related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than through the ESOS of the Company as disclosed in the financial statements.

## Issue of shares and debentures

During the financial year, 6,349,100 new ordinary shares were issued from the exercise of 6,349,100 ESOS at the exercise price of RM1.13 per share. Arising from the above, the issued and paid-up share capital of the Company increased from RM237.09 million to RM246.45 million.

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 will be 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.

	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
	<hr/>		
	28,600		

# DIRECTORS' REPORT *(Cont'd)*

for the year ended 31 December 2021

## Employees' Share Option Scheme (Cont'd)

The options offered to take up unissued ordinary shares are as follows:

Date of offer	Expiry date	Exercise price RM	Number of options over ordinary shares			
			At 1.1.2021 '000	(Exercised) '000	(Forfeited) '000	At 31.12.2021 '000
3.7.2020	2.7.2024	1.13	27,242	(6,349)	(967)	19,926

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 2021 was 16.4% (2020 : 16.4%) of the total options granted.

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

- The ESOS shall be in force for a duration of 5 years from 3 July 2020 ("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;
- 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;
- 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;
- 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
- 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 :

- all known bad debts have been written off and adequate provision made for doubtful debts; and
- 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 :

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

# **DIRECTORS' REPORT** *(Cont'd)* for the year ended 31 December 2021

## **Other statutory information (Cont'd)**

- 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 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **Subsequent event**

The details of such event are disclosed in Note 31 to the financial statements.

## **Auditors**

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

.....  
**Dato' Ang Poon Chuan**

Director

.....  
**Ang See Ming**

Director

Kedah Darul Aman

Date : 29 April 2022

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
Property, plant and equipment	3	328,620	294,791	-	-
Investment properties	4	25,189	6,979	24,528	6,979
Investments in subsidiaries	5	-	-	112,614	112,553
Investment in an associate	6	2,580	2,061	-	-
Deferred tax assets	7	238	38	-	-
Other investments	8	797	-	-	-
Trade and other receivables	10	42,730	42,367	-	19,883
<b>Total non-current assets</b>		<b>400,154</b>	<b>346,236</b>	<b>137,142</b>	<b>139,415</b>
Inventories	9	257,529	210,169	-	-
Trade and other receivables	10	262,693	157,604	53,207	50,511
Current tax assets		4,498	2,821	184	273
Cash and cash equivalents	11	292,884	293,728	93,475	84,224
<b>Total current assets</b>		<b>817,604</b>	<b>664,322</b>	<b>146,866</b>	<b>135,008</b>
<b>Total assets</b>		<b>1,217,758</b>	<b>1,010,558</b>	<b>284,008</b>	<b>274,423</b>
<b>Equity</b>					
Share capital	12	246,454	237,089	246,454	237,089
Reserves	13	487,346	408,253	23,394	23,969
<b>Total equity attributable to owners of the Company</b>		<b>733,800</b>	<b>645,342</b>	<b>269,848</b>	<b>261,058</b>
<b>Non-controlling interests</b>		<b>27,802</b>	<b>22,966</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>761,602</b>	<b>668,308</b>	<b>269,848</b>	<b>261,058</b>
<b>Liabilities</b>					
Loans and borrowings	14	65,300	56,743	-	-
Lease liabilities		1,379	1,769	-	-
Deferred tax liabilities	7	33,043	17,281	-	-
<b>Total non-current liabilities</b>		<b>99,722</b>	<b>75,793</b>	<b>-</b>	<b>-</b>
Loans and borrowings	14	120,961	89,765	-	-
Lease liabilities		1,110	1,008	-	-
Provision	15	-	-	1,460	1,735
Trade and other payables	16	229,048	169,105	12,700	11,630
Contract liabilities	17	4,242	4,138	-	-
Current tax liabilities		1,073	2,441	-	-
<b>Total current liabilities</b>		<b>356,434</b>	<b>266,457</b>	<b>14,160</b>	<b>13,365</b>
<b>Total liabilities</b>		<b>456,156</b>	<b>342,250</b>	<b>14,160</b>	<b>13,365</b>
<b>Total equity and liabilities</b>		<b>1,217,758</b>	<b>1,010,558</b>	<b>284,008</b>	<b>274,423</b>

The notes on pages 86 to 165 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	18	1,214,944	960,581	20,871	26,560
Cost of goods sold		(1,027,851)	(802,517)	-	-
<b>Gross profit</b>		<b>187,093</b>	158,064	<b>20,871</b>	26,560
Other income		9,317	7,382	1,239	267
Selling and distribution expenses		(23,602)	(24,943)	-	-
Administrative expenses		(41,119)	(37,871)	(2,241)	(2,308)
Other expenses		(8,020)	(5,357)	(451)	(769)
Net (loss)/gain on impairment of financial instruments		(282)	(51)	317	470
<b>Results from operating activities</b>	19	<b>123,387</b>	97,224	<b>19,735</b>	24,220
Finance income		3,210	4,169	1,525	2,308
Finance costs	21	(1,884)	(2,540)	-	(50)
<b>Operating profit</b>		<b>124,713</b>	98,853	<b>21,260</b>	26,478
Share of profit of equity-accounted associate, net of tax		505	1,059	-	-
<b>Profit before tax</b>		<b>125,218</b>	99,912	<b>21,260</b>	26,478
Tax expense	22	(27,206)	(19,653)	-	(247)
<b>Profit for the year</b>		<b>98,012</b>	80,259	<b>21,260</b>	26,231
<b>Other comprehensive expense, net of tax</b>					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		8,052	4,286	-	-
<b>Total comprehensive income for the year</b>		<b>106,064</b>	84,545	<b>21,260</b>	26,231
<b>Profit attributable to :</b>					
Owners of the Company		92,876	75,302	21,260	26,231
Non-controlling interests		5,136	4,957	-	-
		<b>98,012</b>	80,259	<b>21,260</b>	26,231
<b>Total comprehensive income attributable to :</b>					
Owners of the Company		100,928	79,588	21,260	26,231
Non-controlling interests		5,136	4,957	-	-
		<b>106,064</b>	84,545	<b>21,260</b>	26,231
<b>Basic earnings per ordinary share (sen)</b>	24	<b>24.42</b>	20.02		
<b>Diluted earnings per ordinary share (sen)</b>	24	<b>23.71</b>	19.24		

The notes on pages 86 to 165 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2021

Group	Note	Attributable to owners of the Company		Non-distributable			Distributable		Total equity RM'000		
		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
<b>At 1 January 2020</b>		220,327	14,441	4,141	(1,305)	(567)	2,221	337,327	576,585	18,009	594,594
Foreign currency translation differences for foreign operations		-	4,286	-	-	-	-	-	4,286	-	4,286
Total other comprehensive income for the year		-	4,286	-	-	-	-	-	4,286	-	4,286
Profit for the year		-	-	-	-	-	-	75,302	75,302	4,957	80,259
<b>Total comprehensive income for the year</b>		-	4,286	-	-	-	-	75,302	79,588	4,957	84,545
<b>Contributions by and distribution to owners of the Company</b>											
- Share based payment transaction	23	-	-	-	-	-	4,616	-	4,616	-	4,616
- Share options exercised		16,762	-	-	-	-	(3,921)	-	12,841	-	12,841
- Dividends paid	25	-	-	-	-	-	-	(28,288)	(28,288)	-	(28,288)
<b>Total transactions with owners of the Company</b>		16,762	-	-	-	-	695	(28,288)	(10,831)	-	(10,831)
<b>At 31 December 2020</b>		237,089	18,727	4,141	(1,305)	(567)	2,916	384,341	645,342	22,966	668,308

Note 12 Note 13 Note 13 Note 13 Note 13 Note 13 Note 13 Note 13

# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2021

Group	Attributable to owners of the Company										Total equity RM'000
	Non-distributable					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	
<b>At 1 January 2021</b>	237,089	18,727	4,141	(1,305)	(567)	2,916	384,341	645,342	22,966	668,308	
Foreign currency translation differences for foreign operations	-	8,052	-	-	-	-	-	8,052	-	8,052	
Total other comprehensive income for the year	-	8,052	-	-	-	-	-	8,052	-	8,052	
Profit for the year	-	-	-	-	-	-	92,876	92,876	5,136	98,012	
<b>Total comprehensive income for the year</b>	-	8,052	-	-	-	-	92,876	100,928	5,136	106,064	



# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2021

Group	Note	Attributable to owners of the Company				Distributable			Non-controlling interests RM'000	Total equity RM'000	
		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
<b>Contributions by and distribution to owners of the Company</b>											
	23	-	-	-	-	-	2,291	-	2,291	-	2,291
		9,365	-	-	-	-	(2,190)	-	7,175	-	7,175
	25	-	-	-	-	-	-	(18,106)	(18,106)	-	(18,106)
	13.3	-	-	-	(3,830)	-	-	-	(3,830)	-	(3,830)
<b>Total transactions with owners of the Company</b>											
		9,365	-	-	(3,830)	-	101	(18,106)	(12,470)	(300)	(12,770)
<b>At 31 December 2021</b>											
	Note 12	246,454	26,779	4,141	(5,135)	(567)	3,017	459,111	733,800	27,802	761,602

# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2021

	Attributable to owners of the Company		Non-distributable		Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Fair value reserve RM'000	Share options reserve RM'000	Retained earnings RM'000		
Note							
<b>Company</b>							
<b>At 1 January 2020</b>	220,327	(1,305)	(567)	2,221	24,982		245,658
Profit for the year representing total comprehensive income for the year	-	-	-	-	26,231		26,231
<b>Contributions by and distribution to owners of the Company</b>							
- Share based payment transaction	-	-	-	4,616	-		4,616
- Share options exercised	16,762	-	-	(3,921)	-		12,841
- Dividend paid	-	-	-	-	(28,288)		(28,288)
<b>Total transactions with owners of the Company</b>	16,762	-	-	695	(28,288)		(10,831)
<b>At 31 December 2020</b>	237,089	(1,305)	(567)	2,916	22,925		261,058
	Note 12	Note 13	Note 13	Note 13	Note 13		Note 13

# STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the year ended 31 December 2021

Company	Attributable to owners of the Company				Distributable		Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Fair value reserve RM'000	Share options reserve RM'000	Retained earnings RM'000		
<b>At 1 January 2021</b>	<b>237,089</b>	<b>(1,305)</b>	<b>(567)</b>	<b>2,916</b>	<b>22,925</b>		<b>261,058</b>
Profit for the year representing total comprehensive income for the year	-	-	-	-	<b>21,260</b>		<b>21,260</b>
<b>Contributions by and distribution to owners of the Company</b>							
- Share based payment transaction	-	-	-	<b>2,291</b>	-		<b>2,291</b>
- Share options exercised	<b>9,365</b>	-	-	<b>(2,190)</b>	-		<b>7,175</b>
- Dividend paid	-	-	-	-	<b>(18,106)</b>		<b>(18,106)</b>
- Purchase of treasury shares	-	<b>(3,830)</b>	-	-	-		<b>(3,830)</b>
<b>Total transactions with owners of the Company</b>	<b>9,365</b>	<b>(3,830)</b>	-	<b>101</b>	<b>(18,106)</b>		<b>(12,470)</b>
<b>At 31 December 2021</b>	<b>246,454</b>	<b>(5,135)</b>	<b>(567)</b>	<b>3,017</b>	<b>26,079</b>		<b>269,848</b>

Note 12

Note 13

Note 13

The notes on pages 86 to 165 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>125,218</b>	99,912	<b>21,260</b>	26,478
Adjustments for :					
Property, plant and equipment					
- Depreciation	3	<b>30,170</b>	27,457	-	-
- Gain on disposal		<b>(178)</b>	(63)	-	-
Depreciation of investment property	4	<b>336</b>	238	<b>325</b>	238
Unrealised loss/(gain) on loans and borrowings	14.2	<b>627</b>	(839)	-	146
Reversal of provision for financial guarantees	15	-	-	<b>(275)</b>	(464)
Dividend income	18	-	-	<b>(20,744)</b>	(26,212)
Interest expense	21	<b>1,884</b>	2,540	-	50
Share-based payments	23	<b>2,291</b>	4,616	<b>411</b>	714
Interest income		<b>(3,210)</b>	(4,169)	<b>(1,525)</b>	(2,308)
Share of profit of equity accounted associate, net of tax		<b>(505)</b>	(1,059)	-	-
Operating profit/(loss) before changes in working capital		<b>156,633</b>	128,633	<b>(548)</b>	(1,358)
Changes in working capital :					
Inventories		<b>(45,930)</b>	(10,594)	-	-
Trade and other receivables		<b>(104,567)</b>	(18,777)	<b>11,779</b>	7,497
Trade and other payables		<b>59,538</b>	37,072	<b>64</b>	4,834
Contract liabilities		<b>104</b>	827	-	-
<b>Cash generated from operations</b>		<b>65,778</b>	137,161	<b>11,295</b>	10,973
Income tax (paid)/refunded		<b>(14,684)</b>	(11,334)	<b>89</b>	(353)
Dividends received		-	-	<b>28,032</b>	26,212
<b>Net cash from operating activities</b>		<b>51,094</b>	125,827	<b>39,416</b>	36,832

# STATEMENTS OF CASH FLOWS (Cont'd)

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	A	(60,781)	(55,846)	-	-
Acquisition of investment properties		(18,546)	-	(17,874)	-
Proceeds from disposal of plant and equipment		342	167	-	-
Interest received		3,210	4,169	1,525	2,308
Investments in subsidiaries		-	-	(61)	(16,802)
Addition of other investments		(797)	-	-	-
<b>Net cash used in investing activities</b>		<b>(76,572)</b>	<b>(51,510)</b>	<b>(16,410)</b>	<b>(14,494)</b>
<b>Cash flows from financing activities</b>					
Payment of :					
- hire purchase creditors		(855)	(787)	-	-
- lease liabilities		(1,081)	(1,089)	-	-
Drawdown/(Repayment) of term loans		10,968	(8,524)	-	-
Drawdown/(Repayment) of other bank borrowings (net)		29,510	15,119	-	(4,689)
Dividends paid		(17,100)	(24,490)	(17,100)	(24,490)
Dividend paid to non-controlling interests by a subsidiary		(300)	-	-	-
Proceeds from exercise of ESOS		7,175	12,841	7,175	12,841
Interest paid		(1,884)	(2,540)	-	(50)
Purchase of treasury shares		(3,830)	-	(3,830)	-
<b>Net cash from/(used in) financing activities</b>		<b>22,603</b>	<b>(9,470)</b>	<b>(13,755)</b>	<b>(16,388)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,875)</b>	<b>64,847</b>	<b>9,251</b>	<b>5,950</b>
Effects of exchange rate fluctuations on cash and cash equivalents		3,199	269	-	-
Cash and cash equivalents at 1 January		292,333	227,217	84,224	78,274
<b>Cash and cash equivalents at 31 December</b>	B	<b>292,657</b>	<b>292,333</b>	<b>93,475</b>	<b>84,224</b>

# STATEMENTS OF CASH FLOWS (Cont'd)

for the year ended 31 December 2021

## Notes

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

During the year, the Group acquired property, plant and equipment and investment property with an aggregate cost of RM62,245,000 (2020 : RM57,878,000) of which RM1,464,000 (2020: RM2,032,000) was acquired by means of hire purchase/finance lease arrangements. The remaining RM60,781,000 (2020 : RM55,846,000) 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 :

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and cash equivalents	11	<b>292,884</b>	293,728	<b>93,475</b>	84,224
Bank overdrafts	14	<b>(227)</b>	(1,395)	-	-
		<b>292,657</b>	292,333	<b>93,475</b>	84,224

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

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Included in net cash from operating activities :</b>					
Payment relating to short-term leases	19	<b>1,241</b>	1,220	-	-
Payment relating to low-value assets	19	<b>69</b>	15	-	-
<b>Included in net cash used in financing activities :</b>					
Interest paid in relation to lease liabilities	21	<b>80</b>	67	-	-
Payment of lease liabilities	14.2	<b>1,081</b>	1,089	-	-
<b>Total cash outflows for leases</b>		<b>2,471</b>	2,391	-	-

The notes on pages 86 to 165 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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

## Principal place of business

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

## Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 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 2021 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 29 April 2022.

## 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 April 2021**

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

#### **MFRSs and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 1. Basis of preparation (Cont'd)

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

#### **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* – Classification of Liabilities as Current or Non-current and 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 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.

The Group and the Company do not plan to apply Amendments to MFRS 14, *Agriculture* and MFRS 17, *Insurance Contracts* that are effective for annual periods beginning on or after 1 January 2022 and 1 January 2023 respectively as it is not applicable to the Group and the Company.

The initial application of the 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.



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

## 2. Significant accounting policies

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

### (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.

#### (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.

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

## 2. Significant accounting policies *(Cont'd)*

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

#### (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.

When the Group's interest in an associate decrease 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.

Investment in an associate is 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.

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

## 2. Significant accounting policies *(Cont'd)*

### (b) Foreign currency

#### (i) Foreign currency transactions

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

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.

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

## 2. Significant accounting policies *(Cont'd)*

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

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

##### ***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.

##### (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 measured at fair value through profit or loss and equity instruments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 2(j)(i)).

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

## 2. Significant accounting policies *(Cont'd)*

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

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

##### ***Financial liabilities***

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

##### ***Amortised cost***

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

Interest expense and foreign exchange gains and losses are recognised in 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 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	48 - 936 years
Factory buildings (Right-of-use assets)	2 - 5 years
Factory buildings	20 - 50 years
Plant and machinery	5 - 20 years
Furniture, fittings and office equipment	5 - 25 years
Motor vehicles	5 years

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

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

## 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 exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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.

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

## 2. Significant accounting policies *(Cont'd)*

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

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

##### (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.

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 property

#### Investment property 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.



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

## 2. Significant accounting policies *(Cont'd)*

### (f) Investment property *(Cont'd)*

#### Investment property carried at cost *(Cont'd)*

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.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 2. Significant accounting policies (Cont'd)

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

#### (i) Financial assets (Cont'd)

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.

#### (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.

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

## 2. Significant accounting policies (Cont'd)

### (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.

### (l) 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.

#### (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.

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

## 2. Significant accounting policies *(Cont'd)*

### **(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) 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.

#### **(iv) 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.

#### **(v) 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.

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

## 2. Significant accounting policies *(Cont'd)*

### (o) Borrowing costs *(Cont'd)*

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

### (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.

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.

### (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.

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

## 2. Significant accounting policies *(Cont'd)*

### (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 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 3. Property, plant and equipment

Group	← Right-of-use assets →						Total RM'000	
	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
At 1 January 2020	25,580	3,261	64,901	381,336	40,790	16,433	11,146	543,447
Additions	1,359	1,487	5,487	36,833	2,530	1,381	8,801	57,878
Disposals	-	-	(104)	(150)	(13)	(323)	-	(590)
Written off	-	-	-	(538)	-	-	-	(538)
Derecognition *	(206)	(925)	-	-	-	-	-	(1,131)
Reclassification	-	-	60	3,043	525	-	(3,628)	-
Effect of movements in exchange rates	(121)	(235)	748	2,783	16	(30)	313	3,474
At 31 December 2020/ 1 January 2021	<b>26,612</b>	<b>3,588</b>	<b>71,092</b>	<b>423,307</b>	<b>43,848</b>	<b>17,461</b>	<b>16,632</b>	<b>602,540</b>
Additions	<b>56</b>	<b>793</b>	-	<b>31,737</b>	<b>2,216</b>	<b>2,077</b>	<b>25,366</b>	<b>62,245</b>
Disposals	-	-	-	(306)	(1,343)	(759)	-	(2,408)
Derecognition *	-	(388)	-	-	-	-	-	(388)
Reclassification	-	-	-	16,653	264	-	(16,917)	-
Effect of movements in exchange rates	<b>381</b>	<b>18</b>	<b>1,015</b>	<b>3,222</b>	<b>158</b>	<b>93</b>	<b>360</b>	<b>5,247</b>
At 31 December 2021	<b>27,049</b>	<b>4,011</b>	<b>72,107</b>	<b>474,613</b>	<b>45,143</b>	<b>18,872</b>	<b>25,441</b>	<b>667,236</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

Group	← Right-of-use assets →							Total RM'000
	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	
<b>At 1 January 2020</b>								
Accumulated depreciation	4,263	986	30,003	210,433	16,881	13,100	-	275,666
Accumulated impairment losses	-	-	-	-	4,110	-	-	4,110
<b>At 31 December 2020/ 1 January 2021</b>								
Accumulated depreciation	4,520	913	33,105	231,344	19,635	14,122	-	303,639
Accumulated impairment losses	-	-	-	-	4,110	-	-	4,110
<b>At 1 January 2020</b>								
Accumulated depreciation	4,263	986	30,003	210,433	20,991	13,100	-	279,776
Depreciation for the year	479	1,025	2,571	19,272	2,739	1,371	-	27,457
Disposals	-	-	(27)	(124)	(12)	(323)	-	(486)
Written off	-	-	-	(538)	-	-	-	(538)
Derecognition*	(172)	(959)	-	-	-	-	-	(1,131)
Effect of movements in exchange rates	(50)	(139)	558	2,301	27	(26)	-	2,671
<b>At 31 December 2020/ 1 January 2021</b>								
Accumulated depreciation	4,520	913	33,105	231,344	19,635	14,122	-	303,639
Accumulated impairment losses	-	-	-	-	4,110	-	-	4,110
<b>At 31 December 2020/ 1 January 2021</b>								
Accumulated depreciation	4,520	913	33,105	231,344	23,745	14,122	-	307,749
Accumulated impairment losses	-	-	-	-	4,110	-	-	4,110



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

	← Right-of-use assets →							Total RM'000
	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	
<b>Group</b>								
<b>Accumulated depreciation and impairment losses</b>								
Depreciation for the year	445	1,125	2,640	21,340	3,146	1,474	-	30,170
Disposals	-	-	-	(101)	(1,318)	(825)	-	(2,244)
Derecognition*	-	(388)	-	-	-	-	-	(388)
Effect of movements in exchange rates	72	-	546	2,562	104	45	-	3,329
At 31 December 2021								
Accumulated depreciation	5,037	1,650	36,291	255,145	21,567	14,816	-	334,506
Accumulated impairment losses	-	-	-	-	4,110	-	-	4,110
<b>Group</b>	<b>5,037</b>	<b>1,650</b>	<b>36,291</b>	<b>255,145</b>	<b>25,677</b>	<b>14,816</b>	<b>-</b>	<b>338,616</b>
<b>Carrying amounts</b>								
At 1 January 2020	21,317	2,275	34,898	170,903	19,799	3,333	11,146	263,671
At 31 December 2020/ 1 January 2021	22,092	2,675	37,987	191,963	20,103	3,339	16,632	294,791
At 31 December 2021	<b>22,012</b>	<b>2,361</b>	<b>35,816</b>	<b>219,468</b>	<b>19,466</b>	<b>4,056</b>	<b>25,441</b>	<b>328,620</b>

\* Derecognition of right-of-use assets due to end of lease term.

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

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

		Motor vehicles RM'000
<b>Company</b>		
<b>Cost</b>		
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021		320
<b>Accumulated depreciation</b>		
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021		320
<b>Carrying amounts</b>		
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021		-

#### 3.1 Freehold land and buildings - Group

	Cost		Carrying amounts	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	4,231	4,231	4,231	4,217
Factory buildings	67,876	66,861	31,585	33,770
	<u>72,107</u>	<u>71,092</u>	<u>35,816</u>	<u>37,987</u>

#### 3.2 Security

At 31 December 2021, certain plant and machinery of the Group with carrying amount of RM26,220,000 (2020 : RM28,460,000) are charged for banking facilities granted to the Group (Note 13.1).

#### 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.

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

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

#### 3.3 Right-of-use assets (Cont'd)

##### 3.3.1 Extension options (Cont'd)

	2021		2020	
	Lease liabilities recognised (discounted) RM'000	Potential future lease payment not included in lease liabilities RM'000	Lease liabilities recognised (discounted) RM'000	Potential future lease payment not included in lease liabilities RM'000
Factory buildings	-	-	121	-

### 4. Investment properties

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2020/31 December 2020/1 January 2021	7,931	-	-	7,931
Addition	-	10,877	7,669	18,546
At 31 December 2021	7,931	10,877	7,669	26,477
<b>Accumulated depreciation</b>				
At 1 January 2020	714	-	-	714
Depreciation for the year	238	-	-	238
At 31 December 2020/1 January 2021	952	-	-	952
Depreciation for the year	238	-	98	336
At 31 December 2021	1,190	-	98	1,288

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

### 4. Investment properties (Cont'd)

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
<b>Group</b>				
<b>Carrying amounts</b>				
At 1 January 2020	7,217	-	-	7,217
At 31 December 2020/ 1 January 2021	6,979	-	-	6,979
At 31 December 2021	<b>6,741</b>	<b>10,877</b>	<b>7,571</b>	<b>25,189</b>

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

	2021 RM'000	2020 RM'000
Direct operating expenses		
- non income generating investment properties	415	295

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
<b>Company</b>				
<b>Cost</b>				
At 1 January 2020/31 December 2020/1 January 2021	7,931	-	-	7,931
Addition	-	<b>10,877</b>	<b>6,997</b>	<b>17,874</b>
At 31 December 2021	<b>7,931</b>	<b>10,877</b>	<b>6,997</b>	<b>25,805</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	714	-	-	714
Depreciation for the year	238	-	-	238
At 31 December 2020/ 1 January 2021	952	-	-	952
Depreciation for the year	<b>238</b>	-	<b>87</b>	<b>325</b>
At 31 December 2021	<b>1,190</b>	-	<b>87</b>	<b>1,277</b>

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

### 4. Investment properties (Cont'd)

	Leasehold land RM'000	Freehold land RM'000	Building RM'000	Total RM'000
<b>Company</b>				
<b>Carrying amounts</b>				
At 1 January 2020	7,217	-	-	7,217
At 31 December 2020/ 1 January 2021	6,979	-	-	6,979
At 31 December 2021	<b>6,741</b>	<b>10,877</b>	<b>6,910</b>	<b>24,528</b>

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

	2021 RM'000	2020 RM'000
Direct operating expenses		
- non income generating investment property	<b>403</b>	295

#### 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 2021 was determined to be approximately RM27.0 million (2020 : RM8.5 million) and RM26.3 million (2020 : RM8.5 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 RM12 to RM512 (2020 : RM12) and RM12 to RM17.80 (2020 : RM12) 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

	2021 RM'000	2020 RM'000
Investments, at cost	<b>115,873</b>	115,812
Less : Impairment loss	<b>(3,259)</b>	(3,259)
	<b>112,614</b>	112,553

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

### 5. Investments in subsidiaries - Company (Cont'd)

Details of the subsidiaries are as follows :

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2021 %	2020 %
Syarikat Thong Guan Trading Sdn. Bhd. ("STGT")	Malaysia	Manufacturing and trading of food and beverage 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 (Sabah) Sdn. Bhd. <sup>(1)</sup>	Malaysia	Manufacturing and sale of film blown plastic products and flexible plastic packaging products	100	100
Jaya Uni'ang (Sabah) Sdn. Bhd. <sup>(1)</sup>	Malaysia	Trading in film blown plastic products, food and consumable products	100	100
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 wrap	85	85
TGSH Plastic Industries Sdn. Bhd. ("TGSH")	Malaysia	Manufacturing and marketing of plastic packaging products	70	70
TGW Plastic Packaging Sdn. Bhd. ("TGWPP") <sup>(2)</sup>	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

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

### 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	Effective ownership interest and voting interest	
			2021 %	2020 %
Everprosper Food Industries Sdn. Bhd. ("EFI") <sup>(3)</sup>	Malaysia	Manufacturing and trading of noodle products	60	60
Thong Guan Trading (Thailand) Company Limited <sup>(1),(5)</sup>	Thailand	Manufacturing and trading of food and beverage products	79	79
TGP Marketing Sdn. Bhd.	Malaysia	Dormant	100	100
TG Plaspak (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") <sup>(4)</sup>	Malaysia	Dormant	60	60
TG Plaspak Myanmar Co., Ltd. <sup>(1)</sup>	Republic of the Union of Myanmar	Dormant	100	100
TG Greenpack Sdn. Bhd. <sup>(1),(6)</sup>	Malaysia	Dormant	100	-
Cargosafe R&D Co., Ltd. <sup>(1),(7)</sup>	People's Republic of China	Dormant	100	-

<sup>(1)</sup> Not audited by KPMG

<sup>(2)</sup> Held through TGPP

<sup>(3)</sup> Held through STGT

<sup>(4)</sup> Held through EFI

<sup>(5)</sup> Held through STGT. STGT has 79% voting interest via a shareholders' agreement signed

<sup>(6)</sup> Held through TGPP, incorporated on 17 September 2021

<sup>(7)</sup> Held through TGPPS, incorporated on 13 October 2021

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 5. 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 :

	2021		2021		2021		2021	
	TGPW	TGSH	TGWPP	EFI	EM	Other subsidiaries with immaterial NCI		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>NCI percentage of ownership interest and voting interest</b>	<b>15%</b>	<b>30%</b>	<b>49%</b>	<b>40%</b>	<b>40%</b>			
Carrying amount of NCI	6,261	10,805	14,410	(2,607)	(389)	(678)		27,802
(Loss)/Profit allocated to NCI	(88)	1,652	3,485	31	1	55		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)	(9,379)	(26,803)	(8,869)	(972)
Net assets/(liabilities)	41,741	36,017	29,409	(6,838)	(972)

#### Year ended 31 December

Revenue	56,423	68,577	75,436	3,539	-
(Loss)/Profit for the year	(584)	5,506	7,113	77	3
Total comprehensive (expense)/income	(584)	5,506	7,113	77	3
Cash from operating activities	1,859	1,462	1,800	1,458	-
Cash from/(used in) investing activities	50	(2,615)	(19,821)	(33)	-
Cash (used in)/from financing activities	(4,560)	(939)	16,863	(686)	-
Net (decrease)/increase in cash and cash equivalents	(2,651)	(2,092)	(1,158)	739	-
Dividend paid to NCI	-	300	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 5. Investments in subsidiaries - Company (Cont'd)

### 5.1 Non-controlling interests in subsidiaries (Cont'd)

	2020						
	TGPW RM'000	TGSH RM'000	TGWPP RM'000	EFI RM'000	EM RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>NCI percentage of ownership interest and voting interest</b>	15%	30%	49%	40%	40%		
Carrying amount of NCI	6,349	9,453	10,925	(2,638)	(390)	(733)	22,966
Profit/(Loss) allocated to NCI	38	1,095	3,965	(113)	(4)	(24)	4,957

### Summarised financial information before intra-group elimination

#### As at 31 December

Non-current assets	41,280	13,349	15,088	1,594	-	
Current assets	25,175	31,367	32,309	1,129	-	
Non-current liabilities	(11,617)	(2,003)	(9,403)	(461)	-	
Current liabilities	(12,514)	(11,203)	(15,699)	(9,176)	(975)	
Net assets/(liabilities)	42,324	31,510	22,295	(6,914)	(975)	

#### Year ended 31 December

Revenue	52,279	59,342	60,956	3,539	-	
Profit/(Loss) for the year	256	3,649	8,092	(282)	(10)	
Total comprehensive income/(expense)	256	3,649	8,092	(282)	(10)	
Cash from/(used in) operating activities	14,287	3,669	(1,608)	1,104	-	
Cash used in investing activities	(5,857)	(2,557)	(2,843)	(414)	-	
Cash (used in)/from financing activities	(4,233)	1,909	3,045	(599)	-	
Net increase/(decrease) in cash and cash equivalents	4,197	3,021	(1,406)	91	-	
Dividend paid to NCI	-	-	-	-	-	

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

### 6. Investment in an associate - Group

	2021 RM'000	2020 RM'000
Investments, at cost	520	520
Share of post-acquisition reserves	2,060	1,541
	2,580	2,061

Details of the associates are as follows :

Name of associate	Principal place of business	Principal activity/ Nature of the relationship	Effective ownership interest and voting interest	
			2021 %	2020 %
Winner Bright International Industrial Limited ("WBIL") <sup>(1)</sup>	Hong Kong	Trading of plastic packaging products	49	49

<sup>(1)</sup> The financial year end of the associate is 31 March.

The following table summarises the information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associate.

	2021 RM'000	2020 RM'000
<b>WBIL</b>		
<b>Group</b>		
<b>Summarised financial information</b>		
Total assets	13,024	9,019
Total liabilities	(7,759)	(4,813)
Net assets	5,265	4,206
<b>Year ended 31 December 2021</b>		
Profit for the year	1,031	2,162
Other comprehensive income/(expense)	29	(15)
Total comprehensive income	1,060	2,147
<b>Included in total comprehensive income is :</b>		
Revenue	62,443	53,237

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

### 6. Investment in an associate - Group (Cont'd)

	2021 RM'000	2020 RM'000
<b>WBIL</b>		
<b>Group</b>		
<b>Reconciliation of net assets to carrying amount</b>		
<b>As at 31 December</b>		
Group's share of net assets representing the carrying amount in the statement of financial position	<u>2,580</u>	<u>2,061</u>
Group's share of profit for the year	505	1,059
Group's share of other comprehensive income/(expense)	14	(7)
Group's share of total comprehensive income	<u>519</u>	<u>1,052</u>
<b>Other information</b>		
Dividend received	<u>-</u>	<u>-</u>

### 7. Deferred tax assets/(liabilities)

The recognised deferred tax assets and liabilities are as follows :

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Property, plant and equipment and right-of-use assets						
- Capital allowance	-	-	(41,434)	(30,809)	(41,434)	(30,809)
Lease liabilities	2,550	2,713	-	-	2,550	2,713
Tax incentives	5,701	10,623	-	-	5,701	10,623
Others	378	255	-	(25)	378	230
	<u>8,629</u>	<u>13,591</u>	<u>(41,434)</u>	<u>(30,834)</u>	<u>(32,805)</u>	<u>(17,243)</u>
Tax assets/ (liabilities)	8,629	13,591	(41,434)	(30,834)	(32,805)	(17,243)
Set-off of tax	(8,391)	(13,553)	8,391	13,553	-	-
	<u>238</u>	<u>38</u>	<u>(33,043)</u>	<u>(17,281)</u>	<u>(32,805)</u>	<u>(17,243)</u>
Net deferred tax assets/ (liabilities)	238	38	(33,043)	(17,281)	(32,805)	(17,243)

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

### 7. Deferred tax assets/(liabilities) (Cont'd)

Movements in temporary differences during the year are as follows :

	At 1 January 2020 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2020/1 January 2021 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2021 RM'000
<b>Group</b>					
Property, plant and equipment and right-of- use assets					
- Capital allowance	(25,860)	(4,949)	<b>(30,809)</b>	<b>(10,625)</b>	<b>(41,434)</b>
Lease liabilities	571	2,142	<b>2,713</b>	<b>(163)</b>	<b>2,550</b>
Tax incentives	15,569	(4,946)	<b>10,623</b>	<b>(4,922)</b>	<b>5,701</b>
Others	258	(28)	<b>230</b>	<b>148</b>	<b>378</b>
	<b>(9,462)</b>	<b>(7,781)</b>	<b>(17,243)</b>	<b>(15,562)</b>	<b>(32,805)</b>

Movements in temporary differences during the year are as follows :

	At 1 January 2020 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2020/1 January 2021 RM'000	Recognised in profit or loss (Note 22) RM'000	At 31 December 2021 RM'000
<b>Company</b>					
Equipment					
- capital allowance	(1)	1	-	-	-
Others	148	(148)	-	-	-
	<b>147</b>	<b>(147)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

### 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) :

	2021 RM'000	2020 RM'000
<b>Group</b>		
Capital allowance carry-forwards	3,554	6,023
Tax losses carry-forward	10,805	9,953
Reinvestment allowance carry-forward	4,713	4,213
Investment tax allowance carry-forward	6,638	5,487
	25,710	25,676

	2021 RM'000	2020 RM'000
<b>Company</b>		
Tax losses carry-forward	1,630	795
Others	205	1,186
	1,835	1,981

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 (2020 : 7 and 7) 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 :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Year of Assessment :</i>				
2028 (2020 : 2025)	8,365	8,365	795	795
2029 (2020 : 2026)	1,583	1,583	-	-
2030 (2020 : 2027)	5	5	-	-
2031	852	-	835	-
	10,805	9,953	1,630	795

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

### 7. Deferred tax assets/(liabilities) (Cont'd)

The reinvestment allowance carry-forward will expire in the following years of assessment:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Year of Assessment :</i>				
2035	<b>3,113</b>	2,613	-	-
2037	<b>1,600</b>	1,600	-	-
	<b>4,713</b>	4,213	-	-

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

	2021 RM'000	2020 RM'000
Equity trust funds, at fair value	<b>797</b>	-

### 9. Inventories - Group

	2021 RM'000	2020 RM'000
Raw materials	<b>181,954</b>	150,115
Work-in-progress	<b>13,645</b>	11,645
Manufactured inventories	<b>56,322</b>	43,162
Trading inventories	<b>5,608</b>	5,247
	<b>257,529</b>	210,169
Recognised in profit or loss :		
Inventories recognised as cost of sales	<b>1,027,019</b>	801,695
Inventories written down (included in cost of sales)	<b>832</b>	822

#### 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.

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

### 10. Trade and other receivables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Trade receivables	10.1	-	19,883	-	19,883
Prepayments	10.2	<b>42,730</b>	22,484	-	-
		<b>42,730</b>	42,367	-	19,883
<b>Current</b>					
<b>Trade</b>					
Trade receivables	10.1	<b>239,010</b>	137,455	<b>37,607</b>	15,761
Amount due from an associate	10.3	<b>7,185</b>	5,812	-	-
		<b>246,195</b>	143,267	<b>37,607</b>	15,761
<b>Non-trade</b>					
Other receivables		<b>9,386</b>	6,587	-	-
Amount due from subsidiaries		-	-	<b>7,897</b>	18,909
Dividend receivable from subsidiaries		-	-	<b>7,690</b>	14,978
Deposits	10.4	<b>3,187</b>	3,233	<b>10</b>	2
Prepayments		<b>3,925</b>	4,517	<b>3</b>	861
		<b>16,498</b>	14,337	<b>15,600</b>	34,750
		<b>262,693</b>	157,604	<b>53,207</b>	50,511
		<b>305,423</b>	199,971	<b>53,207</b>	70,394

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

### 10. Trade and other receivables (Cont'd)

#### 10.1 Trade receivables

The non-current trade receivables of the Group and the Company were secured by a personal guarantee from a Director of the customer, interest-free and not expected to be receivable within the next twelve months.

Included in current trade receivables of the Group is RM419,000 (2020 : RM1,062,000) due from a company in which a Director has a substantial financial interest which is subject to normal trade terms.

#### 10.2 Prepayments

The non-current prepayments of the Group are for the purchase of plant and equipment.

#### 10.3 Amount due from an associate

The trade amount due from an associate is subject to normal trade terms.

#### 10.4 Deposits

Included in deposits for rental security deposit of RM126,000 (2020 : RM126,000) held by a related party.

### 11. Cash and cash equivalents

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances		<b>172,145</b>	139,247	<b>19,275</b>	4,108
Short term investment funds	11.1	<b>120,739</b>	154,481	<b>74,200</b>	80,116
		<b>292,884</b>	293,728	<b>93,475</b>	84,224

#### 11.1 Short term investment funds

Short term investment funds represent investments in fixed income trusts which can be redeemed within a period of less than 31 days.



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

## 12. Share capital - Group/Company

	2021		2020	
	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	<b>237,089</b>	<b>380,785</b>	220,327	184,711
Exercise of share options into ordinary shares	<b>9,365</b>	<b>6,349</b>	16,762	6,361
Issue of bonus shares	-	-	-	189,713
At 31 December	<b>246,454</b>	<b>387,134</b>	237,089	380,785

### 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

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-distributable</b>					
Translation reserve	13.1	<b>26,779</b>	18,727	-	-
Statutory reserve	13.2	<b>4,141</b>	4,141	-	-
Treasury shares	13.3	<b>(5,135)</b>	(1,305)	<b>(5,135)</b>	(1,305)
Fair value reserve	13.4	<b>(567)</b>	(567)	<b>(567)</b>	(567)
Share options reserve	13.5	<b>3,017</b>	2,916	<b>3,017</b>	2,916
<b>Distributable</b>					
Retained earnings		<b>459,111</b>	384,341	<b>26,079</b>	22,925
		<b>487,346</b>	408,253	<b>23,394</b>	23,969

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 statements of foreign operations.

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

## 13. Reserves *(Cont'd)*

### 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 :

	No. of shares '000	Cost RM'000	Purchase price <sup>(N1)</sup>		
			Highest RM	Lowest RM	Average RM
<b>2021</b>					
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	<b>2,806</b>	<b>5,135</b>	<b>2.07</b>	<b>1.23</b>	<b>1.83</b>
<b>2020</b>					
At beginning of financial year (before bonus issue)	472	1,305	3.13	2.46	2.76
Bonus issue	472	-	-	-	-
At end of financial year (after bonus issue)	944	1,305	1.57	1.23	1.38

<sup>(N1)</sup> 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 none were reissued during the year (2020 : 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.

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

## 14. Loans and borrowings

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current :</b>				
Secured				
- Term loans	<b>7,807</b>	9,147	-	-
Unsecured				
- Revolving credit	<b>24,853</b>	24,375	-	-
- Term loans	<b>31,688</b>	22,296	-	-
	<b>56,541</b>	46,671	-	-
Hire purchase creditors	<b>952</b>	925	-	-
	<b>65,300</b>	56,743	-	-
<b>Current :</b>				
Secured				
- Term loans	<b>6,008</b>	6,272	-	-
Unsecured				
- Term loans	<b>15,905</b>	11,400	-	-
- Revolving credit	<b>10,966</b>	8,145	-	-
- Bank overdrafts	<b>227</b>	1,395	-	-
- Bankers' acceptances	<b>4,756</b>	2,463	-	-
- Onshore foreign currency loans	<b>82,561</b>	59,341	-	-
	<b>114,415</b>	82,744	-	-
Hire purchase creditors	<b>538</b>	749	-	-
	<b>120,961</b>	89,765	-	-
Total loans and borrowings	<b>186,261</b>	146,508	-	-

### 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).

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 14. Loans and borrowings (Cont'd)

### 14.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2020 RM'000	Hire purchase/ new lease obtained RM'000	Net changes from financing cash flows RM'000	Movement in exchange rates RM'000	At 31 December 2020/ 1 January 2021 RM'000	Hire purchase/ new lease obtained RM'000	Net changes from financing cash flows RM'000	Movement in exchange rates RM'000	At 31 December 2021 RM'000
<b>Group</b>									
Term loans	57,771	-	(8,524)	(132)	49,115	-	10,968	1,325	61,408
Hire purchase creditors	1,916	545	(787)	-	1,674	671	(855)	-	1,490
Onshore foreign currency trade loans	58,566	-	1,447	(672)	59,341	-	23,427	(207)	82,561
Bankers' acceptances	6,003	-	(3,540)	-	2,463	-	2,293	-	4,756
Trust receipts	4,543	-	(4,689)	146	-	-	-	-	-
Revolving credit	10,800	-	21,901	(181)	32,520	-	3,790	(491)	35,819
Lease liabilities	2,379	1,487	(1,089)	-	2,777	793	(1,081)	-	2,489
	141,978	2,032	4,719	(839)	147,890	1,464	38,542	627	188,523
<b>Company</b>									
Trust receipts	4,543	-	(4,689)	146	-	-	-	-	-

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

### 15. Provision

	Financial guarantees (Note 30.4)	
	2021 RM'000	2020 RM'000
<b>Company</b>		
At 1 January	1,735	2,199
Reversal of provision	(275)	(464)
At 31 December	<u>1,460</u>	<u>1,735</u>

### 16. Trade and other payables

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Trade</b>					
Trade payables	16.1	<b>182,897</b>	134,341	<b>7,145</b>	7,126
<b>Non-trade</b>					
Amount due to related parties	16.2	<b>948</b>	269	-	-
Other payables		<b>19,035</b>	16,821	<b>63</b>	4
Accrued expenses		<b>21,364</b>	13,876	<b>688</b>	702
		<b>41,347</b>	30,966	<b>751</b>	706
Dividend payable		<b>4,804</b>	3,798	<b>4,804</b>	3,798
		<u><b>229,048</b></u>	<u>169,105</u>	<u><b>12,700</b></u>	<u>11,630</u>

#### 16.1 Trade payables

Included in trade payables of the Group is RM2,248,000 (2020 : RM895,000) due to companies in which certain Directors have a substantial financial interest which 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.

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

### 17. Contract liabilities - Group

	2021 RM'000	2020 RM'000
Contract liabilities	<u>4,242</u>	<u>4,138</u>

The contract liabilities comprise advance consideration received from customers for which the Group has yet to transfer the goods or 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:

	2021 RM'000	2020 RM'000
Contract liabilities at beginning of the period recognised as revenue during the year	<b>(4,138)</b>	(3,311)
Advances received during the year	<u>4,242</u>	<u>4,138</u>

### 18. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	<b>1,214,944</b>	960,581	<b>127</b>	348
Dividend income from subsidiaries	-	-	<b>20,744</b>	26,212
	<u><b>1,214,944</b></u>	<u>960,581</u>	<u><b>20,871</b></u>	<u>26,560</u>

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.

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

## 18. Revenue (Cont'd)

### 18.1 Disaggregation of revenue

	← Group →			
	← 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
- Japan	221,902	-	-	221,902
- Australia & New Zealand	180,935	120	-	181,055
- Europe <sup>(2)</sup>	147,812	267	-	148,079
- People's Republic of China	110,805	1,429	-	112,234
- Korea	46,666	-	-	46,666
- South East Asia <sup>(3)</sup>	86,801	5,991	-	92,792
- United States of America	52,602	-	-	52,602
- Mexico	42,385	-	-	42,385
- Middle East <sup>(4)</sup>	8,301	107	-	8,408
- Others	34,385	27	-	34,412
	<b>1,117,550</b>	<b>97,267</b>	<b>127</b>	<b>1,214,944</b>

#### Timing and recognition

- At a point in time	1,117,550	97,267	127	1,214,944
----------------------	-----------	--------	-----	-----------

<sup>(1)</sup> including incidental freight and forwarding services undertaken by the Group and the Company in relation to products sold, where applicable.

<sup>(2)</sup> comprising mainly England, Germany, Spain, Belgium, Czech Republic, Italy, Lithuania, Portugal, Netherlands, Denmark and Serbia.

<sup>(3)</sup> comprising Philippines, Singapore, Vietnam, Indonesia, Thailand, Brunei, Cambodia and Myanmar.

<sup>(4)</sup> comprising United Arab Emirates and Iraq.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 18. Revenue (Cont'd)

### 18.1 Disaggregation of revenue (Cont'd)

	← Group →			
	← 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

#### 2020

##### Primary geographical markets

- Malaysia	168,649	69,546	348	238,543
- Japan	196,096	-	-	196,096
- Australia & New Zealand	144,762	105	-	144,867
- Europe <sup>(2)</sup>	101,494	-	-	101,494
- People's Republic of China	78,010	1,394	-	79,404
- Korea	32,921	-	-	32,921
- South East Asia <sup>(3)</sup>	71,274	5,923	-	77,197
- United States of America	25,652	-	-	25,652
- Mexico	14,966	-	-	14,966
- Middle East <sup>(4)</sup>	9,129	-	-	9,129
- Others	40,309	3	-	40,312
	883,262	76,971	348	960,581

##### Timing and recognition

- At a point in time	883,262	76,971	348	960,581
----------------------	---------	--------	-----	---------

<sup>(1)</sup> including incidental freight and forwarding services undertaken by the Group and the Company in relation to products sold, where applicable.

<sup>(2)</sup> comprising mainly England, Germany, Spain, Belgium, Czech Republic, Italy, Lithuania, Portugal, Netherlands, Denmark and Serbia.

<sup>(3)</sup> comprising Philippines, Singapore, Vietnam, Indonesia, Thailand, Brunei, Cambodia and Myanmar.

<sup>(4)</sup> comprising United Arab Emirates and Iraq.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 18. Revenue (Cont'd)

### 18.2 Nature of goods and services

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

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

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

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

## 19. Results from operating activities

Results from operating activities are arrived at after charging/(crediting) :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration				
- Audit fees				
- KPMG PLT				
- current year	<b>242</b>	219	<b>40</b>	33
- prior year	-	2	-	-
- Other auditors	<b>82</b>	72	-	-
- Non-audit fees				
- KPMG PLT	<b>6</b>	5	<b>6</b>	5
- Overseas affiliates of KPMG PLT	<b>45</b>	35	-	-
- Local affiliate of KPMG PLT	<b>73</b>	55	<b>52</b>	41
<b>Material expenses/(income)</b>				
Directors' emoluments				
Directors of the Company				
- fees	<b>604</b>	562	<b>320</b>	320
- remuneration	<b>3,694</b>	3,246	<b>190</b>	160
- contributions to Employees' Provident Fund	<b>192</b>	177	<b>23</b>	19
- others	<b>227</b>	227	<b>227</b>	227
Other Directors				
- fees	<b>136</b>	114	-	-
- remuneration	<b>1,018</b>	802	-	-
- contributions to Employees' Provident Fund	<b>58</b>	52	-	-
Personnel expenses (excluding Directors' emoluments)				
- Wages, salaries and others	<b>69,444</b>	65,282	-	-
- Contributions to state plans	<b>4,826</b>	4,381	-	-
Share-based payments (Note 23)	<b>2,291</b>	4,616	<b>411</b>	714
Loss on foreign exchange				
- realised	<b>4,767</b>	1,195	<b>414</b>	-
- unrealised	<b>812</b>	3,140	-	1,186
Gain on foreign exchange				
- realised	<b>(763)</b>	(1,928)	-	(741)
- unrealised	<b>(3,190)</b>	(1,212)	<b>(981)</b>	-
Government grants (Note a)	<b>(2,457)</b>	(998)	-	-

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

### 19. Results from operating activities (Cont'd)

Results from operating activities are arrived at after charging/(crediting) : (Cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Expenses/(Income) arising from leases</b>				
Expenses relating to short term leases (Note b)	1,241	1,220	-	-
Expenses relating to leases of low-value assets (Note b)	69	15	-	-
Rental income from property and machinery	(14)	(27)	(250)	-
<b>Net (gain)/loss on impairment of financial instruments</b>				
Impairment loss/(Reversal of impairment) on trade and other receivables	279	51	(42)	(6)
Reversal of provision for corporate guarantee	-	-	(275)	(464)
Fair value loss on other investment	3	-	-	-

#### Note a

The Group received government grants as wage subsidies to retain local employees during the approved period of economic uncertainty brought 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 RM69,650 (2020 : RM77,900) and RM9,900 (2020 : RM9,900) respectively.

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

### 20. Key management personnel compensation

The key management personnel compensation are as follows :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
- Fees	<b>444</b>	402	<b>160</b>	160
- Remuneration	<b>3,694</b>	3,246	<b>190</b>	160
- Contributions to Employees' Provident Fund	<b>192</b>	177	<b>23</b>	19
- Estimated value of benefits-in-kind	<b>32</b>	37	<b>10</b>	10
- Share-based payments	<b>411</b>	714	<b>411</b>	714
	<b>4,773</b>	4,576	<b>794</b>	1,063
Other Director				
- Remuneration	<b>227</b>	195	-	-
	<b>5,000</b>	4,771	<b>794</b>	1,063

### 21. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on :				
- financial liabilities that are not at fair value through profit or loss	<b>1,804</b>	2,473	-	50
- lease liabilities	<b>80</b>	67	-	-
	<b>1,884</b>	2,540	-	50

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

### 22. Tax expense

Major components of tax expense include :

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current tax expense</b>				
- Current year	12,190	11,664	-	-
- Prior year	(546)	208	-	100
Total current tax	11,644	11,872	-	100
<b>Deferred tax expense</b>				
- Origination of temporary differences	15,715	9,368	-	147
- Prior year	(153)	(1,587)	-	-
Total deferred tax	15,562	7,781	-	147
Total tax expense recognised in profit or loss	27,206	19,653	-	247

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

### 22. Tax expense (Cont'd)

#### Reconciliation of tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>				
Profit for the year	<b>98,012</b>	80,259	<b>21,260</b>	26,231
Total tax expense	<b>27,206</b>	19,653	-	247
Profit excluding tax	<b>125,218</b>	99,912	<b>21,260</b>	26,478
Income tax calculated using Malaysian tax rate of 24%	<b>30,052</b>	23,979	<b>5,102</b>	6,355
Effect of higher tax rate in foreign jurisdictions	<b>412</b>	58	-	-
Non-deductible expenses	<b>2,261</b>	2,951	<b>252</b>	244
Income not subject to tax	<b>(483)</b>	(656)	<b>(5,319)</b>	(6,812)
Tax incentives	<b>(3,403)</b>	(5,097)	-	-
Effect of share of profit of equity accounted associate	<b>(121)</b>	(254)	-	-
Effect of unrecognised deferred tax assets	<b>8</b>	488	-	532
Utilisation of previously unrecognised deferred tax assets	-	-	<b>(35)</b>	-
Others	<b>(821)</b>	(437)	-	(172)
(Over)/Under provision in prior years	<b>(699)</b>	(1,379)	-	100
Tax expense	<b>27,206</b>	19,653	-	247

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

### 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 of options		Vesting period	Exercise price (RM/Share)	
	Originally granted ('000)	After bonus issue <sup>(1)</sup> ('000)		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			

<sup>(1)</sup> Adjusted for the effects of bonus issue based on number of outstanding options at 19 October 2020.

The movements of the ESOS outstanding during the year are as follows:

	Weighted average exercise price 2021	Number of options ('000) 2021	Weighted average exercise price 2020	Number of options ('000) 2020
Outstanding at 1 January	1.72	27,242	2.26	19,801
Bonus issue	-	-	1.13	14,330
Forfeited during the year	1.13	(967)	2.13	(528)
Exercised during the year	1.13	(6,349)	2.02	(6,361)
Outstanding at 31 December	1.13	19,926	1.72	27,242
Vested and outstanding at 31 December		4,448		1,988

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

### 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 was based on the fair value of share options granted, measured using the Trinomial Option Pricing Model, with the following inputs :

	2021 RM	2020 RM
<b>Fair value of share options and assumptions</b>		
Fair value at grant date (after bonus issue)	<b>0.345</b>	0.345
Weighted average share price	<b>2.53</b>	2.53
Share price at grant date	<b>2.26</b>	2.26
Option life	<b>5 years</b>	5 years
Expected volatility	<b>31.15%</b>	31.15%
Expected dividends	<b>3.15%</b>	3.15%
Risk-free interest rate (based on Malaysian government bonds)	<b>3.44%</b>	3.44%

#### Value of employee services received for issue of share options

	Group		Company	
	RM'000 2021	RM'000 2020	RM'000 2021	RM'000 2020
Share options reserve recognised	<b>2,291</b>	4,616	<b>2,291</b>	4,616
Less: Allocation of expense to subsidiaries	-	-	<b>(1,880)</b>	(3,902)
Total expense recognised as share-based payments	<b>2,291</b>	4,616	<b>411</b>	714

The share options expense re-charged to the subsidiaries benefiting from the services of the employees is not recognised in profit or loss of the Company.



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

### 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 RM92,876,000 (2020 : RM75,302,000) and on the weighted average number of ordinary shares outstanding during the year of 380,339,000 (2020 : 376,162,000) calculated as follows :

	2021 '000	2020 '000
Issued ordinary shares at 1 January	380,785	184,710
Effect of ESOS exercised during the year	2,050	2,683
Effect of bonus issue in year 2021	-	189,713
Effect of treasury share repurchase	(2,496)	(944)
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	380,339	376,162
	<hr/>	<hr/>
Basic earnings per ordinary share (sen)	24.42	20.02

#### *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 :

	2021 RM'000	2020 RM'000
Profit attributable to ordinary shareholders (basic & diluted)	<hr/> 92,876	<hr/> 75,302
	<hr/>	<hr/>
	2021 '000	2020 '000
Weighted average number of ordinary shares at 31 December (basic)	380,339	376,162
Effect of exercise of ESOS	11,365	15,123
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December (diluted)	391,704	391,285
	<hr/>	<hr/>
Diluted earnings per ordinary share (sen)	23.71	19.24

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

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

### 25. Dividends - Group and Company

Dividends recognised by the Company :

	Sen per share	RM'000	Date of payment
<b>2021</b>			
- 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	
<b>2020</b>			
- Final 2019 dividend	9.00	16,982	18 September 2020
- First 2020 interim dividend	2.00	3,723	24 June 2020
- Second 2020 interim dividend	2.00	3,785	15 October 2020
- Third 2020 interim dividend	1.00	3,798	18 January 2021
		28,288	

A fourth interim dividend of 2.25 sen per ordinary share in respect of the financial year ended 31 December 2021 was declared and paid on 18 April 2022. 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 2022.

### 26. Capital commitments

Group	2021 RM'000	2020 RM'000
Contracted but not provided for		
- Property, plant and equipment	64,709	76,116

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

## 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 :

	2021 RM'000	2020 RM'000
Total loans and borrowings (Note 14)	186,261	146,508
Less : Cash and cash equivalent (Note 11)	(292,884)	(293,728)
Net cash and cash equivalents	<u>(106,623)</u>	<u>(147,220)</u>

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 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 28. Operating segments (Cont'd)

	Plastic products		Food, beverages and other consumable products		Others		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before share of after tax results of equity-accounted associate	<b>119,408</b>	95,372	<b>5,401</b>	3,714	<b>(96)</b>	(233)	<b>124,713</b>	98,853
Share of profit of equity-accounted associate, net of tax	<b>505</b>	1,059	-	-	-	-	<b>505</b>	1,059
<b>Segment profit/(loss)</b>	<b>119,913</b>	96,431	<b>5,401</b>	3,714	<b>(96)</b>	(233)	<b>125,218</b>	99,912
Included in the measure of segment profit/(loss) are :								
- Revenue from external customers	<b>1,117,550</b>	883,262	<b>97,267</b>	76,971	<b>127</b>	348	<b>1,214,944</b>	960,581
- Write-down of inventories	<b>36</b>	4	<b>796</b>	818	-	-	<b>832</b>	822
- Depreciation and amortisation	<b>28,125</b>	25,438	<b>2,045</b>	1,992	<b>336</b>	265	<b>30,506</b>	27,695
<b>Segment assets</b>	<b>1,003,022</b>	831,905	<b>58,910</b>	48,542	<b>155,826</b>	130,111	<b>1,217,758</b>	1,010,558
Included in the measure of segment assets are :								
- Investment in an associate	<b>2,580</b>	2,061	-	-	-	-	<b>2,580</b>	2,061
- Additions of property, plant and equipment, investment properties and right-of-use assets	<b>61,648</b>	53,704	<b>1,269</b>	4,174	<b>17,874</b>	-	<b>80,791</b>	57,878

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

### 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

	2021 RM'000	2020 RM'000
<b>Revenue</b>		
Malaysia	<b>274,409</b>	238,543
Japan	<b>221,902</b>	196,096
Australia & New Zealand	<b>181,055</b>	144,867
Europe <sup>(1)</sup>	<b>148,079</b>	101,494
People's Republic of China	<b>112,234</b>	79,404
Korea	<b>46,666</b>	32,921
South East Asia <sup>(2)</sup>	<b>92,792</b>	77,197
United States of America	<b>52,602</b>	25,652
Mexico	<b>42,385</b>	14,966
Middle East <sup>(3)</sup>	<b>8,408</b>	9,129
Others	<b>34,412</b>	40,312
	<b>1,214,944</b>	960,581

<sup>(1)</sup> comprising mainly England, Germany, Spain, Belgium, Czech Republic, Italy, Lithuania, Portugal, Netherlands, Denmark and Serbia.

<sup>(2)</sup> comprising Philippines, Singapore, Vietnam, Indonesia, Thailand, Brunei, Cambodia and Myanmar.

<sup>(3)</sup> comprising United Arab Emirates and Iraq.

	2021 RM'000	2020 RM'000
<b>Non-current assets</b>		
Malaysia	<b>312,402</b>	258,134
People's Republic of China	<b>28,779</b>	31,044
Vietnam	<b>3,556</b>	3,382
Myanmar	<b>6,556</b>	6,671
Thailand	<b>2,516</b>	2,539
	<b>353,809</b>	301,770

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 28. Operating segments (Cont'd)

### Geographical information (Cont'd)

#### Major customers

The Group did not have any individual customer that contributed to more than 10% of the Group's revenue.

## 29. Related parties

### 29.1 Identity of related parties

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

- i) 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.
- iii) 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
- v) 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 have been entered in the normal course of business and 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 statements.

#### 29.2.1 Transactions with subsidiaries :

	2021 RM'000	2020 RM'000
<b>Company</b>		
Dividend income (gross)	<b>20,744</b>	26,212
Interest income	<b>75</b>	110
ESOS expense charged to	<b>1,880</b>	3,902

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

### 29. Related parties (Cont'd)

#### 29.2 Significant related party transactions (Cont'd)

##### 29.2.2 Transactions with an associate :

	2021 RM'000	2020 RM'000
<b>Group</b>		
Sales	<b>71,252</b>	50,567
Technical services expense	<b>441</b>	676

##### 29.2.3 Transactions with substantial shareholder of a subsidiary :

	2021 RM'000	2020 RM'000
<b>Group</b>		
Sales	<b>3,772</b>	10,210
Purchases	<b>9,911</b>	10,334

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

	2021 RM'000	2020 RM'000
<b>Group</b>		
Sales	<b>1,652</b>	2,833
Purchases	<b>7,230</b>	4,243
Rental expense	<b>78</b>	74

##### 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 :

	2021 RM'000	2020 RM'000
<b>Group</b>		
Purchases	<b>478</b>	208
Rental expense	<b>875</b>	875

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 term of their appointment as disclosed in Note 20.

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

## 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
<b>2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables (excluding prepayments)	258,768	258,768	-
Cash and cash equivalents	292,884	292,884	-
Other investments	797	-	797
	<b>552,449</b>	<b>551,652</b>	<b>797</b>
<b>Company</b>			
Trade and other receivables (excluding prepayments)	53,204	53,204	-
Cash and cash equivalents	93,475	93,475	-
	<b>146,679</b>	<b>146,679</b>	<b>-</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	186,261	186,261	-
Trade and other payables (excluding dividend payable)	224,244	224,244	-
	<b>410,505</b>	<b>410,505</b>	<b>-</b>
<b>Company</b>			
Provision	1,460	1,460	-
Trade and other payables (excluding dividend payable)	7,896	7,896	-
	<b>9,356</b>	<b>9,356</b>	<b>-</b>



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

### 30. Financial instruments (Cont'd)

#### 30.1 Categories of financial instruments (Cont'd)

	Carrying amount RM'000	AC RM'000
<b>2020</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables (excluding prepayments)	172,970	172,970
Cash and cash equivalents	293,728	293,728
	466,698	466,698
<b>Company</b>		
Trade and other receivables (excluding prepayments)	69,533	69,533
Cash and cash equivalents	84,224	84,224
	153,757	153,757
<b>Financial liabilities</b>		
<b>Group</b>		
Loans and borrowings	146,508	146,508
Trade and other payables (excluding dividend payable)	165,307	165,307
	311,815	311,815
<b>Company</b>		
Provision	1,735	1,735
Trade and other payables (excluding dividend payable)	7,832	7,832
	9,567	9,567

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

## 30. Financial instruments (Cont'd)

### 30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on :				
Financial assets at amortised cost	<b>1,305</b>	2,046	<b>2,409</b>	2,333
Financial liabilities at amortised cost	<b>(1,804)</b>	(1,596)	-	(50)
Fair value through profit or loss :				
- Change in fair value of other investments	<b>(3)</b>	-	-	-
	<b>(502)</b>	450	<b>2,409</b>	2,283

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

*Risk management objectives, policies and processes for managing the risk (Cont'd)*

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.

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

	2021 RM'000	2020 RM'000
<b>Group</b>		
Malaysia	<b>88,319</b>	73,581
Australia	<b>31,399</b>	21,257
Japan	<b>16,276</b>	15,848
Europe	<b>26,327</b>	10,485
United States of America	<b>17,090</b>	7,388
People's Republic of China	<b>17,057</b>	10,273
Korea	<b>2,123</b>	-
South East Asia	<b>8,874</b>	4,366
Mexico	<b>16,110</b>	4,779
Others	<b>22,620</b>	15,173
	<b>246,195</b>	163,150

The trade receivables as at the end of the reporting period of the Company is confined to Malaysia.

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

### 30. Financial instruments (Cont'd)

#### 30.4 Credit risk (Cont'd)

##### Trade receivables (Cont'd)

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

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
<b>2021</b>			
<b>Group</b>			
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
	<b>246,195</b>	<b>-</b>	<b>246,195</b>
<b>Credit impaired</b>			
Individually impaired	10,720	(10,720)	-
	<b>256,915</b>	<b>(10,720)</b>	<b>246,195</b>

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

## 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
<b>2021</b>			
<b>Company</b>			
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
	<b>37,607</b>	-	<b>37,607</b>
<b>Credit impaired</b>			
Individually impaired	33	(33)	-
	<b>37,640</b>	<b>(33)</b>	<b>37,607</b>
<b>2020</b>			
<b>Group</b>			
Not past due	106,989	-	106,989
Past due 1 - 30 days	22,482	-	22,482
Past due 31 - 60 days	5,095	-	5,095
Past due 61 - 90 days	1,360	-	1,360
Past due more than 90 days	27,224	-	27,224
	163,150	-	163,150
<b>Credit impaired</b>			
Individually impaired	10,501	(10,501)	-
	173,651	(10,501)	163,150

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

### 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
<b>2020</b>			
<b>Company</b>			
Not past due	11,327	-	11,327
Past due 1 - 30 days	-	-	-
Past due 31 - 60 days	-	-	-
Past due 61 - 90 days	-	-	-
Past due more than 90 days	24,317	-	24,317
	35,644	-	35,644
<b>Credit impaired</b>			
Individually impaired	36	(36)	-
	35,680	(36)	35,644

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### Trade receivables (Cont'd)

##### Recognition and measurement of impairment loss (Cont'd)

The past due trade receivables of the Company were restructured during the previous financial year and 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 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	
	2021 RM'000	2020 RM'000
<b>Group</b>		
Balance at 1 January	<b>10,501</b>	10,963
Reversal of loss allowance	<b>(28)</b>	(67)
Amount written off	<b>(81)</b>	(471)
Loss allowance provided	<b>328</b>	76
Balance at 31 December	<b>10,720</b>	10,501
<b>Company</b>		
Balance at 1 January	<b>36</b>	36
Reversal of loss allowance	<b>(3)</b>	-
Balance at 31 December	<b>33</b>	36

#### 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.

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

## 30. Financial instruments (Cont'd)

### 30.4 Credit risk (Cont'd)

#### **Other receivables**

Credit risks on other receivables are mainly arising from deposits paid to suppliers for purchase of plant and equipment and other receivables arising from the Group's normal course of operations which the Directors regard to be of low credit risk. The deposits will be capitalised upon receiving the plant and equipment from suppliers while the other receivables are from parties with recurring transactions with the Group.

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.



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

## 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
<b>Company</b>			
<b>2021</b>			
Low credit risk	7,897	-	7,897
Credit impaired	3,391	(3,391)	-
	<b>11,288</b>	<b>(3,391)</b>	<b>7,897</b>
<b>2020</b>			
Low credit risk	18,909	-	18,909
Credit impaired	3,391	(3,391)	-
	<b>22,300</b>	<b>(3,391)</b>	<b>18,909</b>

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

	← Lifetime ECL →	
	2021 RM'000	2020 RM'000
<b>Company</b>		
Balance at 1 January	3,391	3,426
Net measurement of loss allowance	-	(35)
Balance at 31 December	<b>3,391</b>	<b>3,391</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 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 RM660.2 million (2020: RM565.1 million) of which RM192.3 million (2020 : RM143.8 million) have been utilised as at the end of the reporting period.
- ii) the Company has issued corporate guarantees amounting to RM231.7 million (2020 : RM231.0 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 RM63.9 million (2020 : RM46.2 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:

	2021 RM'000	2020 RM'000
<b>Company</b>		
Balance at 1 January	1,735	2,199
Reversal of loss allowance	(275)	(464)
Balance at 31 December	<u>1,460</u>	<u>1,735</u>

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 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
<b>Group</b>							
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	61,408	1.15 - 1.85	62,857	23,355	18,445	21,057	-
Hire purchase creditors	1,490	2.42 - 5.98	1,615	603	487	525	-
Bank overdrafts	227	6.49 - 6.74	227	227	-	-	-
Onshore foreign currency loans	82,561	0.40 - 1.02	82,561	82,561	-	-	-
Bankers' acceptances	4,756	1.91 - 3.60	4,756	4,756	-	-	-
Revolving credit	35,819	1.01 - 1.95	36,585	11,321	9,087	16,177	-
Lease liabilities	2,489	3.23 - 3.50	2,595	1,163	1,085	347	-
Trade and other payables (excluding dividend payable)	224,244	-	224,244	224,244	-	-	-
	<b>412,994</b>		<b>415,440</b>	<b>348,230</b>	<b>29,104</b>	<b>38,106</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.5 Liquidity risk (Cont'd)

#### Maturity analysis (Cont'd)

Group	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
<b>2020</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	49,115	1.15 - 1.85	50,414	18,381	16,242	15,791	-
Hire purchase creditors	1,674	2.42 - 5.98	1,821	826	440	555	-
Bank overdrafts	1,395	6.49 - 6.74	1,395	1,395	-	-	-
Onshore foreign currency loans	59,341	0.51 - 0.65	59,341	59,341	-	-	-
Bankers' acceptances	2,463	3.53 - 3.72	2,463	2,463	-	-	-
Revolving credit	32,520	0.91 - 1.95	33,310	8,476	8,672	16,162	-
Lease liabilities	2,777	3.50	2,921	1,085	884	952	-
Trade and other payables (excluding dividend payable)	165,307	-	165,307	165,307	-	-	-
	<u>314,592</u>		<u>316,972</u>	<u>257,274</u>	<u>26,238</u>	<u>33,460</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.5 Liquidity risk (Cont'd)

#### Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables (excluding dividend payable)	7,896	-	7,896	7,896	-	-	-
Financial guarantees	-	-	256,285	256,285	-	-	-
	<u>7,896</u>		<u>264,181</u>	<u>264,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2020</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables (excluding dividend payable)	7,832	-	7,832	7,832	-	-	-
Financial guarantees	-	-	190,051	190,051	-	-	-
	<u>7,832</u>		<u>197,883</u>	<u>197,883</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

## 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 Yuan ("RMB"), European Euro ("EUR") and Thai Baht ("THB").

*Risk management objectives, policies and processes for managing the risk*

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 an acceptable level by buying or selling foreign currencies at spot rates to address short term imbalances.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.6 Market risk (Cont'd)

#### Currency risk (Cont'd)

##### 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:

Group	USD RM'000	JPY RM'000	AUD RM'000	SGD RM'000	EUR RM'000	RMB RM'000	THB RM'000	Total RM'000
<b>2021</b>								
Trade and other receivables	150,326	864	4,962	1,342	8,960	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)	-	(28)	(828)	(8,599)	(2,304)	(115,608)
Loans and borrowings	(142,527)	-	-	-	(37,260)	-	-	(179,787)
<b>Net exposure</b>	<b>(5,442)</b>	<b>1,206</b>	<b>5,209</b>	<b>2,140</b>	<b>(10,771)</b>	<b>26,187</b>	<b>(546)</b>	<b>17,983</b>
<b>2020</b>								
Trade and other receivables	108,432	932	5,451	945	5,436	10,232	755	132,183
Cash and bank balances	80,741	171	536	949	9,858	30,948	835	124,038
Trade and other payables	(72,901)	-	-	-	(2,570)	(7,102)	(159)	(82,732)
Loans and borrowings	(107,026)	-	-	-	(33,950)	-	-	(140,976)
<b>Net exposure</b>	<b>9,246</b>	<b>1,103</b>	<b>5,987</b>	<b>1,894</b>	<b>(21,226)</b>	<b>34,078</b>	<b>1,431</b>	<b>32,513</b>

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

## 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
<b>Company</b>	
<b>2021</b>	
Trade and other receivables	17,632
Cash and bank balances	863
<b>Net exposure</b>	<b>18,495</b>
<b>2020</b>	
Trade and other receivables	35,644
Cash and bank balances	1,191
<b>Net exposure</b>	<b>36,835</b>



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

## 30. Financial instruments (Cont'd)

### 30.6 Market risk (Cont'd)

#### Currency risk (Cont'd)

##### *Currency risk sensitivity analysis*

A 10% (2020 : 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 or loss	
	2021 RM'000	2020 RM'000
<b>Group</b>		
USD	414	(703)
JPY	(92)	(84)
AUD	(396)	(455)
SGD	(163)	(144)
EUR	819	1,613
RMB	(1,990)	(2,590)
THB	41	(109)
	<hr/>	<hr/>
<b>Company</b>		
USD	(1,406)	(2,799)
	<hr/>	<hr/>

A 10% (2020 : 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### Interest rate risk

The Group's primary interest rate risk is related to 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.

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

## 30. Financial instruments (Cont'd)

### 30.6 Market risk (Cont'd)

#### Interest rate risk (Cont'd)

*Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group RM'000	Company RM'000
<b>2021</b>		
<b>Fixed rate instruments</b>		
Financial asset	120,739	74,200
Financial liabilities	<u>(127,115)</u>	<u>-</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(61,635)</u>	<u>-</u>
<b>2020</b>		
<b>Fixed rate instruments</b>		
Financial asset	154,481	80,116
Financial liabilities	<u>(98,775)</u>	<u>-</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(50,510)</u>	<u>-</u>

*Interest rate risk sensitivity analysis*

(i) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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

## 30. Financial instruments *(Cont'd)*

### 30.6 Market risk *(Cont'd)*

#### Interest rate risk *(Cont'd)*

*Interest rate risk sensitivity analysis (Cont'd)*

(ii) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant. There is no impact to equity arising from exposures to interest rate risk.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
<b>Group</b>		
<b>2021</b>		
Floating rate instruments	<u>(468)</u>	<u>468</u>
<b>2020</b>		
Floating rate instruments	<u>(384)</u>	<u>384</u>

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

#### Recognised financial instruments (Cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	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	
<b>2021</b>									
<b>Financial asset</b>									
Other investments	-	797	-	797	-	-	-	-	797
<b>Financial liabilities</b>									
Term loans - Variable rate	-	-	-	-	-	-	61,408	61,408	61,408
Revolving credit	-	-	-	-	-	-	36,585	36,585	35,819
Hire purchase creditors	-	-	-	-	-	-	1,490	1,490	1,490
	-	-	-	-	-	-	99,483	99,483	98,717

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 30. Financial instruments (Cont'd)

### 30.7 Fair value information (Cont'd)

Recognised financial instruments (Cont'd)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	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	
<b>2020</b>									
<b>Financial asset</b>									
Non-current trade receivables	-	-	-	-	-	-	19,883	19,883	19,883
<b>Financial liabilities</b>									
Term loans - Variable rate	-	-	-	-	-	-	49,115	49,115	49,115
Revolving credit	-	-	-	-	-	-	33,310	33,310	32,520
Hire purchase creditors	-	-	-	-	-	-	1,674	1,674	1,674
	-	-	-	-	-	-	84,099	84,099	83,309

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

### 30. Financial instruments (Cont'd)

#### 30.7 Fair value information (Cont'd)

Recognised financial instruments (Cont'd)

	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>Company</b>					
<b>2021</b>					
<b>Financial liabilities</b>					
Financial guarantee	-	-	1,460	1,460	1,460
<b>2020</b>					
<b>Financial asset</b>					
Non-current trade receivables	-	-	19,883	19,883	19,883
<b>Financial liabilities</b>					
Financial guarantee	-	-	1,735	1,735	1,735

#### 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. Subsequent event

On 16 March 2022, Thong Guan Plastic & Paper Industries Sdn Bhd, a wholly-owned subsidiary of the Company incorporated a wholly-owned subsidiary, TG Eurpore A/S ("TGE") in Denmark, with paid up capital of 400,000 Danish Krone ("DKK") (equivalent to RM248,000). TGE will act as the trading hub of the Group catering to customers in Denmark.

## STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 76 to 165 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 2021 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 : 29 April 2022

## STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Ang See Ming**, the Director primarily responsible for the financial management of Thong Guan Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 165 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Ang See Ming**, NRIC: 700515-07-5691, at George Town in the State of Penang on 29 April 2022.

.....  
**Ang See Ming**

Before me :

# INDEPENDENT AUDITORS' REPORT

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 2021 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 76 to 165.

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 2021, 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 2021, the carrying amount of the Group's inventories amounted to RM258 million (2020 : RM210 million), representing 21% (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.

Plastic resins, being the main base of all plastics, are one of the major materials used in the production of the Group's manufactured inventories, the selling price of which 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 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.



# **INDEPENDENT AUDITORS' REPORT** (Cont'd)

To The Members Of Thong Guan Industries Berhad

## **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 inventory relative to past and present sales or consumption.

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.

## **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# **INDEPENDENT AUDITORS' REPORT** (Cont'd)

To The Members Of Thong Guan Industries Berhad

## **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

# **INDEPENDENT AUDITORS' REPORT** *(Cont'd)*

To The Members Of Thong Guan Industries Berhad

## **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

**Raymond Chong Chee Mon**  
Approval Number : 03272/06/2022 J  
Chartered Accountant

Penang

Date : 29 April 2022

## 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	23-25 years	60 years, leasehold, expiring on 12.4.2052	0.62	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	27 years	60 years leasehold, expiring on 12.4.2052	0.39	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	21 years	60 years leasehold, expiring on 4.6.2055	1.71	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	24-37 years	Freehold	4.76	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	19-39 years	Freehold	4.58	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	37 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	29 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	33 years	60 years leasehold, expiring on 31.12.2035	1.37	13.12.1995
CL 015276687 606 Taman Bay View Off Mile 21/2 Jln Tuaran Kota Kinabalu, Sabah	Double storey terrace house	2,178	43 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	30 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	16-20 years	50 years leasehold, expiring on 31.12.2049	3.34	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	16-17 years	50 years leasehold, expiring on 08.03.2053	5.24	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	16 years	60 years leasehold, expiring on 11.04.2052	3.49	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	21-22 Years	60 years leasehold, expiring on 4.7.2055	3.70	26.08.2011
Lot No. PT2574, H.S. (M) 2798, Padang Lembu, Bandar Gurun, District of Kuala Muda, Kedah	Warehouse	83,689	17 years	60 years leasehold, expiring on 15.9.2050	0.62	26.08.2011
No. 12 VSIP II Street 9, Vietnam Singapore Industrial Park II Ben Cat District Binh Duong Province, Socialist Republic of Vietnam	Vacant industrial land	269,571	-	48 years leasehold, expiring on 30.11.2055	3.56	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	27 years	60 years leasehold, expiring on 23.11.2054	2.87	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	6.74	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	18 years	60 years leasehold, expiring on 05.05.2055	6.66	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	6.56	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	24 years	60 years leasehold, expiring on 12.04.2052	3.69	09.12.2019
Lot 3964 Geran 165228 Mukim Teloi Kiri, Daerah Kuala Muda, Kedah	Factory with office building	772,203	21 years	Freehold	11.46	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

# ANALYSIS OF ORDINARY SHAREHOLDINGS

as at 31 March 2022

Total no. of issued share capital	-	384,969,140 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 <sup>(*)</sup>
Less than 100	60	1,107	0.00
100 - 1,000	1,553	1,049,120	0.27
1,001 - 10,000	4,223	18,979,511	4.93
10,001 - 100,000	1,393	41,133,818	10.69
100,001 - 19,284,456	238	175,061,834	45.47
19,284,457 - 384,969,140	2	148,743,750	38.64
<b>TOTAL</b>	<b>7,469</b>	<b>384,969,140</b>	<b>100.00</b>

(\*) excluding 2,806,400 treasury shares.

## INTERESTS OF DIRECTORS

	Direct Interest No. of shares	% <sup>(*)</sup>	Indirect Interest No. of shares	% <sup>(*)</sup>	No. of unexercised ESOS options
DYTM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin	-	-	-	-	-
Dato' Ang Poon Chuan	2,086,408	0.54	1,132,566 <sup>(a)</sup>	0.29	766,000
Dato' Ang Poon Khim	3,622,786	0.94	365,300 <sup>(a)</sup>	0.09	686,000
Datuk Ang Poon Seong	3,701,116	0.96	183,000 <sup>(a)</sup>	0.05	1,029,000
Ang See Ming	1,962,796	0.51	-	-	1,078,000
Tengku Muzzammil Bin Tengku Makram	-	-	-	-	-
Chow Hon Piew	-	-	-	-	-
Dato' Kang Pang Kiang	-	-	-	-	-

### Notes:

(a) 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.

## INTERESTS OF SUBSTANTIAL SHAREHOLDER

	Direct Interest No. of shares	% <sup>(*)</sup>	Indirect Interest No. of shares	% <sup>(*)</sup>
Foremost Equals Sdn Bhd	148,743,750	38.64	-	-

(\*) excluding 2,806,400 treasury shares.

# LIST OF 30 LARGEST SHAREHOLDERS

as at 31 March 2022

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

NO.	NAME	HOLDINGS	% (*)
1	FOREMOST EQUALS SDN BHD	105,291,000	27.35
2	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FOREMOST EQUALS SDN. BHD.	37,645,500	9.78
3	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL - CAP FUND	10,376,200	2.70
4	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	7,069,700	1.84
5	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	6,959,300	1.81
6	NEOH CHOO EE & COMPANY, SDN. BERHAD	6,595,000	1.71
7	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,074,500	1.58
8	FOREMOST EQUALS SDN BHD	5,807,250	1.51
9	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	5,443,200	1.41
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	4,449,100	1.16
11	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH OPPORTUNITIES FUND (50154 TR01)	4,042,600	1.05
12	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	3,961,800	1.03
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAM HENG MING (E-KTN/RAU)	3,910,900	1.02
14	ANG POON KHIM	3,622,786	0.94
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FOCUS FUND	3,370,900	0.88
16	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	2,964,800	0.77
17	ANG POON SEONG	2,689,186	0.70
18	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	2,490,000	0.64
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)	2,467,000	0.64
20	ANG POON CHUAN	2,086,400	0.54
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	2,078,600	0.54
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD SYARIKAT TAKAFUL MALAYSIA KELUARGA BERHAD (ORDPA)	1,924,600	0.50
23	TAN LEE HWA	1,921,000	0.50
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	1,687,700	0.44
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (AFFIN 2)	1,648,400	0.43
26	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	1,616,400	0.42
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	1,574,000	0.41
28	DYNAQUEST SDN BHD	1,552,600	0.40
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR KENANGA SYARIAHEXTRA FUND (N14011960240)	1,495,800	0.39
30	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	1,423,200	0.37
		<b>244,239,422</b>	<b>63.44</b>

(\*) Excluding 2,806,400 treasury shares.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Seventh Annual General Meeting ("AGM") of shareholders of Thong Guan Industries Berhad ("TGIB" or "the Company") will be conducted virtually through online streaming and Remote Participation and Voting ("RPV") Facilities for the purpose of considering and if thought fit, passing with or without modification the resolutions set out in the notice.

Day, Date and Time of Meeting : Friday, 27 May 2022, 10.00am  
Meeting Venue : Online Meeting Platform at <https://www.agriteum.com.my/> provided by AGRITEUM Share Registration Services Sdn Bhd in Malaysia ("AGRITEUM Portal") (Domain Registration No. with MYNIC-D1A400977)

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 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) Mr Ang See Ming Ordinary Resolution 1
  - (b) DYT M Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin Ordinary Resolution 2
  - (c) Tengku Muzzammil Bin Tengku Makram Ordinary Resolution 3
3. To approve the Fees and Benefits of up to an aggregate amount of RM920,000 for the period commencing this AGM through to the next AGM of the Company in 2023. Ordinary Resolution 4
4. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

AS SPECIAL BUSINESS, to consider and if thought fit, to pass with or without any modifications, the following Resolutions:-

5. **Power to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** Ordinary Resolution 6

"THAT subject always to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements ("MMLR") 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 to such persons, at any time until the conclusion of the next annual general meeting ("AGM") and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities. FURTHER THAT such authority shall continue to be 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."

6. **Proposed Renewal of Authority to Buy Back Its Own Shares by the Company** Ordinary Resolution 7

"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");



# NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

## 6. Proposed Renewal of Authority to Buy Back Its Own Shares by the Company *(Cont'd)*

- 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 RM26.1 million of the Company as at 31 December 2021;
- iii) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue in force until:
  - a) the conclusion of the next annual general meeting ("AGM") of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
  - b) the expiration of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and, in any event, in accordance with the 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."

## 7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions for the Company and/or its Subsidiaries Ordinary Resolution 8

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries ("TGIB Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in the Circular to Shareholders dated 29 April 2022 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 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions for the Company and/or its Subsidiaries."

# NOTICE OF ANNUAL GENERAL MEETING *(Cont'd)*

8. 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, 29 April 2022

## 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/his/his 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](http://www.agriteum.com.my). For further information on the E-proxy, kindly refer to the Annexure of the 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 18 May 2022 (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, participate and vote remotely via the RPV facilities.

## Explanatory Notes:

### 1. Ordinary Resolutions 1, 2 and 3 are to 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, 2 and 3 are set out under Profile of Directors in the Annual Report 2021. The Independent Non-Executive Directors had provided annual declaration / confirmation of independence. 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 had abstained from deliberation and decision making on their own eligibility to stand for re-election.

- 1.1 **Mr Ang See Ming** is the Executive Director. He is one of our next generation of leaders. He leads corporate development and business development having successfully concluded several business acquisitions and led initiatives to expand market outreach that has contributed to building our businesses and value creation. He also oversees operations particularly over finance, taxation, accounting and investor relations. His various investment outreach has helped to enhance our standing amongst the investment communities.

# NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

## Explanatory Notes: (Cont'd)

### 1. Ordinary Resolutions 1, 2 and 3 are to re-elect Directors who retire in accordance with Clause 103 of the Company's Constitution (Cont'd)

**1.2 DYTEM Tengku Sarafudin Badlishah Ibni Sultan Sallehuddin** is the Independent Non-Executive Chairman of the Board. He has fulfilled the requirements on independence as set out in the MMLR of Bursa Securities and the prescribed criteria under the MCCG 2021. As Chairman of the Board, he has demonstrated sound leadership skills by consensus building and encouraging open discussion for Directors to raise issues of concern without inhibition. He also exhibited his objectivity through his proactive engagements during meetings of the Board by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as a Director of the Company.

**1.3 Tengku Muzzammil Bin Tengku Makram** is the Independent Non-Executive Director of the Company. He has fulfilled the requirements on independence as set out in the MMLR of Bursa Securities and the prescribed criteria under the MCCG 2021. Tengku Muzzammil has demonstrated his objectivity through his proactive engagements during meetings of the Board and Board Committee by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion. He has exercised due care and carried out his professional duties proficiently and effectively throughout his tenure as a Director of the Company.

- The Ordinary Resolution 4, is to seek shareholders' approval on the Directors' Fees and Benefits payable to the Directors which have been reviewed by the Remuneration Committee and the Board of Directors of the Company, which recognises that the Fees and Benefits payable is in the best interest of the Company. The quantum of Directors' Fees and Benefits is computed based on the anticipated number of Board and Board Committee meetings, 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 Board and Board Committees' meetings. The relevant Fees and Benefits will be paid to the Directors upon completion of service by the said Directors. The Benefits comprise of meeting allowance and Board Committee allowances. This approval shall continue to be in force until the conclusion of the next AGM of the Company.
- The Proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares /total number of voting shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting will expire at the conclusion of the next AGM.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 May 2021 and which will lapse at the conclusion of the Twenty-Seventh AGM.

This renewed general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

- The Proposed Ordinary Resolution 7, if passed will allow the Company to purchase its own shares. The total number of shares purchased shall not exceed 38,777,554 shares representing 10% of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company in general meeting, expires at the next AGM of the Company.
- The Proposed Ordinary Resolution 8, if passed, will approve the Proposed Renewal of Shareholders' Mandate on Recurrent Related Party Transactions and allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Bursa Securities. This approval shall continue to be in force until the conclusion of the next AGM or the expiration of the period within which the next AGM is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING ("AGM")

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- No individual is standing for election as a Director at the forthcoming AGM of the Company.

# ADMINISTRATIVE DETAILS

Thong Guan Industries Berhad  
199401038519 (324203-K)

## TWENTY-SEVENTH ANNUAL GENERAL MEETING ("27<sup>TH</sup> AGM")

Considering that COVID-19 remains a threat to the health and safety of the shareholders and in line with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, the 27<sup>th</sup> AGM will be held virtually through live webcast and online remote voting using Remote Participation and Voting ("RPV") Facility.

The day, date, time of the 27<sup>th</sup> AGM are as follows: -

Day, Date and Time of Meeting	Friday, 27 May 2022 at 10.00 am
Online Meeting Platform	<a href="https://www.agriteum.com.my/">https://www.agriteum.com.my/</a> provided by <b>AGRITEUM</b> Share Registration Services Sdn Bhd in Malaysia (" <b>AGRITEUM</b> Portal") (Domain Registration No. with MYNIC-D1A400977)

**Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the 27<sup>th</sup> AGM as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.**

## RPV FACILITY

Shareholder(s)/ proxy(ies)/ corporate representative(s)/ attorney(s) are to participate, communicate and vote (collectively, "participate") remotely at the 27<sup>th</sup> AGM using RPV provided by **AGRITEUM** via its website at [www.agriteum.com.my](http://www.agriteum.com.my) ("**AGRITEUM** Portal").

If you wish to submit your questions via the **AGRITEUM** Portal, you must first register as a user at the **AGRITEUM** Portal. Thereafter, you may select "My Virtual Meeting" under the Main Menu and click on the Q&A icon to post your question(s).

Shareholder(s) may submit questions to the Board prior to the 27<sup>th</sup> AGM via the Q&A icon in the **AGRITEUM** Portal from 12:00 noon on 19 May 2022 up to 9:30 am on 27 May 2022. If there is time constraint in answering the questions during the 27<sup>th</sup> AGM, the questions will be answered through email.

## PROCEDURES FOR RPV FACILITY

**Individual** Shareholder(s) / prox(ies) / corporate representative(s) / attorney(s) who wish to participate in the 27<sup>th</sup> AGM remotely using the RPV Facility, are to follow the requirements and procedures as summarised below:

Procedures	Action
<b>Before the day of 27<sup>th</sup> AGM</b>	
(i) Register as a user (only applicable to individual)	<ul style="list-style-type: none"> <li>• Access <b>AGRITEUM</b> Portal at <a href="http://www.agriteum.com.my">www.agriteum.com.my</a></li> <li>• Click &lt;&lt;Login/Register&gt;&gt; followed by &lt;&lt;Register New User&gt;&gt; to register as a new user.</li> <li>• Complete the registration by filling up the information required and upload a clear copy of your <b>MyKAD</b> (both front and back page) or <b>Passport</b>.</li> <li>• Read and agree to the terms &amp; conditions and thereafter submit your registration.</li> <li>• Please enter a valid email address in order for you to receive the verification email from the <b>AGRITEUM</b> Portal.</li> <li>• Please verify your email address before the link expire in <b>one hour (1)</b> from your registration.</li> <li>• Your registration will be verified and approved by the <b>AGRITEUM</b> Portal. Once approved, an email notification will be sent to you.</li> </ul>
(ii) Submit your Question	<ul style="list-style-type: none"> <li>• You may pre-submit your questions: using the <b>AGRITEUM</b> Portal from 12:00 p.m. on 19 May 2022 up to 9:30 a.m. on 27 May 2022.</li> </ul>

## ADMINISTRATIVE DETAILS (Cont'd)

Thong Guan Industries Berhad  
199401038519 (324203-K)

On the day of 27 <sup>th</sup> AGM (27/05/2022)	
(iii) Login to <b>AGRITEUM</b> Portal at <a href="http://www.agriteum.com.my">www.agriteum.com.my</a>	<ul style="list-style-type: none"><li>• Login with your user ID and password for remote participation at the 27<sup>th</sup> AGM at any time from 9:30 a.m. i.e. 30 minutes before the commencement of the 27<sup>th</sup> AGM on Friday, 27 May 2022 at 10:00 a.m.</li><li>• If you have forgotten your password, you can reset it by clicking on "Forgot Password".</li></ul>
(iv) Participate through Live Streaming	<ul style="list-style-type: none"><li>• Select the "Virtual Meeting" from main menu.</li><li>• Click &lt;&lt;Join Meeting&gt;&gt; in order to join the live streaming of the 27<sup>th</sup> AGM.</li><li>• If you have any question(s) during the 27<sup>th</sup> AGM, you may use the Q&amp;A icon in Zoom Cloud Meetings App to submit your question(s). The Chairman of the 27<sup>th</sup> AGM ("<b>Chairman</b>") / Board / Management will try to respond to all relevant questions submitted during the 27<sup>th</sup> AGM. If there is time constraint in answering the questions during the 27<sup>th</sup> AGM, the responses will be answered through email.</li><li>• If you are using a smartphone to participate in the 27<sup>th</sup> AGM, please download Zoom Cloud Meetings App from the Google Play Store or App Store before the 27<sup>th</sup> AGM.</li><li>• Please take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.</li></ul>
(v) Online remote voting	<ul style="list-style-type: none"><li>• Please select the &lt;&lt;Voting&gt;&gt; option located next to &lt;&lt;Join Meeting&gt;&gt; to indicate your votes for the resolutions that are tabled for voting.</li><li>• Voting session will commence once the Chairman of the Meeting declares that the voting platform is activated. The voting session will end upon declaration by the Chairman.</li><li>• Please cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.</li></ul>
(vi) End of RPV Facility	<ul style="list-style-type: none"><li>• The RPV Facility will end and the Q&amp;A icon will be disabled the moment the Chairman announces the closure of the 27<sup>th</sup> AGM.</li></ul>

### Notes to users of the RPV Facility:

- (a) Should your registration to join the 27<sup>th</sup> AGM be approved, we will make available to you the rights to join the live streamed 27<sup>th</sup> AGM and to vote remotely using the RPV Facility. Your log in to the **AGRITEUM** Portal on the day of the 27<sup>th</sup> AGM will indicate your presence at the 27<sup>th</sup> AGM.
- (b) If you encounter any issue with your online registration at the **AGRITEUM** Portal, please call +604-2282 321 or e-mail to [agriteumsrs@gmail.com](mailto:agriteumsrs@gmail.com) for assistance.

### NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 27<sup>th</sup> AGM.

### RECORD OF DEPOSITORS ("ROD") FOR THE 27<sup>th</sup> AGM

Only shareholders whose names appear on the ROD as at **18 May 2022** shall be entitled to participate or appoint proxy(ies) to participate at the 27<sup>th</sup> AGM via the RPV Facility.

### PROXY

1. The 27<sup>th</sup> AGM will be conducted on a virtual basis. If you are unable to participate the 27<sup>th</sup> AGM, you may appoint the Chairman as proxy and indicate the voting instructions in the Form of Proxy.
2. If you wish to appoint proxy(ies) to participate in the 27<sup>th</sup> AGM using the RPV Facility, the Form of Proxy **must be completed and deposited** with the Company 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](http://www.agriteum.com.my). For further information on the E-proxy, kindly refer to the Annexure of the Form of Proxy.

## ADMINISTRATIVE DETAILS (Cont'd)

Thong Guan Industries Berhad  
199401038519 (324203-K)

### PROXY (Cont'd)

3. Shareholder(s) who have appointed a proxy(ies)/ authorised representative(s)/ attorney(s) to participate at the 27<sup>th</sup> AGM via the RPV Facility must ensure that his/her proxy(ies)/ authorised representative(s)/ attorney(s) register himself/herself at the **AGRITEUM** Portal prior to the 27<sup>th</sup> AGM.

### REVOCAION OF PROXY

If you have submitted your Form of Proxy and subsequently decide to appoint another person or wish to participate in the 27<sup>th</sup> AGM by yourself, please write in to **AGRITEUM Share Registration Services Sdn Bhd** at least twenty-four (24) hours before the time appointed for holding the 27<sup>th</sup> AGM to revoke the earlier appointed proxy. Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the 27<sup>th</sup> AGM. In such event, shareholders should advise their proxy/proxies accordingly.

### POLL VOTING

1. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 27<sup>th</sup> AGM of the Company shall be put to vote by way of a poll. The Company has appointed **AGRITEUM** Share Registration Services Sdn Bhd as Poll Administrator to conduct the poll by way of electronic means and Symphony Corporate Services Sdn Bhd as Independent Scrutineers to verify the poll results.
2. The online remote voting session will commence once the Chairman declares that the voting platform is activated. The voting session will end upon declaration by the Chairman. Please refer to item (v) for the online remote voting procedures using the RPV Facility.
3. Upon completion of the voting session, the Scrutineers will verify the poll results followed by the declaration of results by the Chairman.

### RESULTS OF THE VOTING

The results of the voting for all resolutions will be announced at the AGM and on Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### DOOR GIFT

There will be **NO** door gift to be provided for participation at the 27<sup>th</sup> AGM.

### ENQUIRY

If you have any enquiry relating to the 27<sup>th</sup> AGM, please contact any of the following persons during office hours from 9:00 am to 5:00 pm on Monday to Friday:

#### **AGRITEUM** Share Registration Services Sdn Bhd

2nd Floor, Wisma Penang Garden  
42 Jalan Sultan Ahmad Shah  
10050 George Town, Pulau Pinang, Malaysia  
Telephone Number : 604-228 2321  
Fax Number : 604-227 2391  
Email : [agriteumsrs@gmail.com](mailto:agriteumsrs@gmail.com)  
Contact persons : Ms Ng HY or Ms Chin LP

### PERSONAL DATA PRIVACY

By lodging and subscribe for a user account with **AGRITEUM** Portal to participate and vote remotely at the 27<sup>th</sup> AGM using the RPV Facility, the shareholder/ proxy holder/ representative(s) accepts and agrees to the personal data privacy terms.

This page has been intentionally left blank



# FORM OF PROXY

No. of shares held	
CDS Account No.	



**THONG GUAN INDUSTRIES BERHAD**  
(199401038519) (324203-K)

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

of \_\_\_\_\_ (Address)

\_\_\_\_\_ and \_\_\_\_\_ (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.	No. of Shares	% of Shareholding
* and/or			
Full Name (in Block Letters), email address & Tel No.	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing \*him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held virtually through online streaming and remote participation and voting facilities at <https://www.agriteum.com.my> (Domain registration number with MYNIC-D1A400977) on Friday, 27 May 2022 at 10:00 a.m. or at any adjournment thereof.

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

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

\* Strike out whichever is not desired.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Signature of Shareholder(s)/Common Seal

### Notes on proxy and voting:

1. A proxy may but need not be a member of the Company.
2. For a proxy to be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s). Alternatively, you may submit your Form of Proxy electronically ("E-proxy") via [www.agriteum.com.my](http://www.agriteum.com.my). For further information on the E-proxy, kindly refer to the Annexure of the 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 holds with ordinary stocks of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary stocks in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorized nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. If the appointer is a corporation, the Form of Proxy must be executed under the corporation's common seal or under the hand of an officer or an attorney duly authorised.
7. In respect of deposited securities, only a Depositor whose name appears on the Record of Depositors on 18 May 2022 (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, participate and vote remotely via the RPV facilities.

### 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.



*Please fold across the lines and close*

---

**STAMP**

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

---

*Please fold across the lines and close*

**ELECTRONIC SUBMISSION OF FORM OF PROXY  
VIA AGRITEUM PORTAL**

ANNEXURE

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 [www.agriteum.com.my](http://www.agriteum.com.my) ("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.

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](http://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  
10050 Penang  
Tel. No.: 04-2282321  
Fax No.: 04-2272391  
Email : [agriteumsrs@gmail.com](mailto:agriteumsrs@gmail.com)



**THONG GUAN INDUSTRIES BERHAD**

199401038519 (324203-K)

Lot 52, Jalan PKNK 1/6, Kawasan Perusahaan Sungai Petani,  
08000, Sungai Petani, Kedah, Malaysia  
Tel : +604-4417 888 Fax : +604-4419 888

[www.thongguan.com](http://www.thongguan.com)