

# A BOLD PROGRESSION

ANNUAL REPORT 2016

**TIEN WAH PRESS HOLDINGS BERHAD**  
(340434-K)

# HIGHLIGHTS OF THE YEAR

	Year ended 31.12.16	Year ended 31.12.15	(Decrease)/ Increase
	RM million	RM million	%
Revenue	328.7	367.4	(10.5)
Profit before tax	51.2	37.6	36.2
Profit for the year	52.6	35.8	46.9
Profit attributable to owners of the Company	64.2	34.0	88.8
Total equity attributable to owners of the Company	381.3	284.3	34.1
Return on shareholders' funds	16.8	12.0	40.0
Net earnings per share	44.8	29.4	25.9
Net dividend per share	12.0	18.0	(33.3)

# FINANCIAL CALENDAR

## FINANCIAL YEAR 2016

### ANNOUNCEMENT OF RESULTS

First Quarterly Report - Unaudited consolidated results for the quarter ended 31 March 2016	Wednesday, 27 April 2016
Second Quarterly Report - Unaudited consolidated results for the quarter ended 30 June 2016	Thursday, 4 August 2016
Third Quarterly Report - Unaudited consolidated results for the quarter ended 30 September 2016	Tuesday, 8 November 2016
Fourth Quarterly Report - Unaudited consolidated results for the quarter ended 31 December 2016	Thursday, 23 February 2017

### DIVIDEND

#### *Interim Dividend*

(Interim single-tier dividend of 4.00 sen per ordinary share)

Date paid	Friday, 28 October 2016
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#### *Proposed Final Dividend*

(Final single-tier dividend of 8.00 sen per ordinary share)

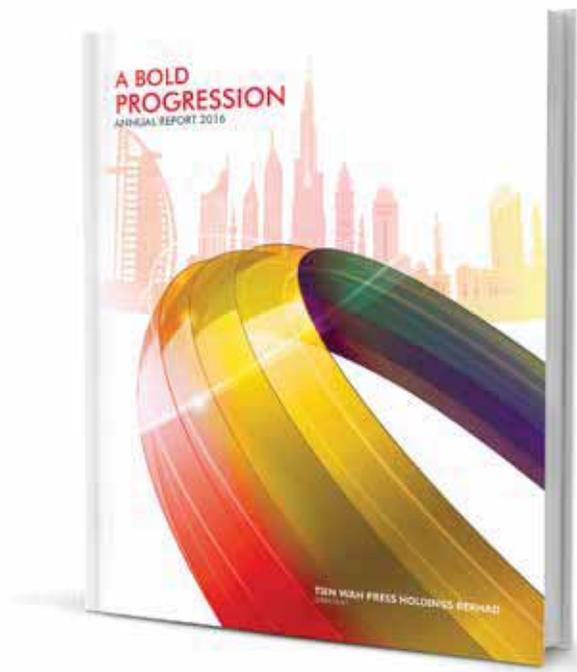
Date of entitlement	Friday, 9 June 2017
Date payable	Friday, 30 June 2017

### ANNUAL REPORT AND ANNUAL GENERAL MEETING

2016 Annual Report Date of issuance	Wednesday, 26 April 2017
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#### *22<sup>nd</sup> Annual General Meeting*

Date of notice	Wednesday, 26 April 2017
Date of meeting	Thursday, 18 May 2017



## COVER RATIONALE

### A BOLD PROGRESSION

**A force to reckon with.** The powerful swirls depicted in the cover of this financial year's Annual Report reflects TWP's confidence and courage to go beyond the tried-and-tested throughout its value chain. Juxtaposed against the curved city skyline, the bold ring of colours signifies TWP's progression in seizing opportunities.

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Proxy Form

## CORPORATE VISION

To be the Winning Company in the provision of Solutions and Services to our customers in the Image Transfer Industry



T

Total Quality Management through

W

Working as a Team to Achieve

P

Profitability & Productivity

## CORPORATE MISSION STATEMENT

To maximise Stakeholders Value through:-

- Focusing on the continuous improvement in the provision of solutions and operational excellence to help serve our customers' needs better and to grow together
- Conducting our businesses in a healthy and safe environment and in compliance to the law
- Cultivating a culture of achievements
- Continuous innovation with creation of new products and new businesses



## OPERATIONAL EXCELLENCE

Our company has over five decades of experience in the industry and built on a strong financial position with a dedicated workforce with keen eye for details to ensure printing quality at its best.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the TWENTY-SECOND Annual General Meeting ("22<sup>nd</sup> AGM") of the Company will be held at Atlanta East, Level 3, Armada Hotel, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18th May 2017 at 10.30 a.m. to transact the following businesses:-

### AGENDA

#### As Ordinary Business

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors' and Auditors' Reports thereon. | (Please refer to<br>note 1 of the<br>Explanatory Notes) |
| 2. | To declare a final single-tier dividend of 8.00 sen per ordinary share in respect of the financial year ended 31 December 2016.                       | Ordinary Resolution 1                                   |
| 3. | To re-elect Ms Angela Heng Chor Kiang who is retiring under Article 86.1 of the Articles of Association of the Company.                               | Ordinary Resolution 2                                   |
| 4. | To re-elect Mr Lee Chee Whye who is retiring under Article 93 of the Articles of Association of the Company.  | Ordinary Resolution 3                                   |

Mr Lee Cheow Fui who retires in accordance with Article 86.1 of the Articles of Association of the Company, has expressed his intention not to seek for re-election at the 22<sup>nd</sup> AGM and will retire at the conclusion of the 22<sup>nd</sup> AGM.

Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara) who holds office until the conclusion of the 22<sup>nd</sup> AGM, has expressed his intention not to seek for re-appointment at the 22<sup>nd</sup> AGM and will retire at the conclusion of the 22<sup>nd</sup> AGM.

- |    |  |                       |
|----|--|-----------------------|
| 5. | To re-appoint KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016) as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 4 |
|----|--|-----------------------|

#### As Special Business

To consider and, if thought fit, to pass the following Resolutions:-

- |    |  |                       |
|----|--|-----------------------|
| 6. | <b>Directors' Fees and Benefits Payable to the Non-Executive Directors for the financial year ended 31 December 2016</b>   |                       |
|    | To approve the increase of Non-Executive Directors' Fees up to an aggregate amount of RM255,000 per annum and Benefits Payable up to an aggregate amount of RM5,000 for the Non-Executive Directors in respect of the financial year ended 31 December 2016 and payments thereof.  | Ordinary Resolution 5 |
| 7. | <b>Directors' Fees for the financial year ending 31 December 2017 and Benefits Payable to the Non-Executive Directors from 1 January 2017 until the next AGM of the Company</b>  |                       |
|    | To approve the Non-Executive Directors' Fees up to an aggregate amount of RM300,000 per annum in respect of the financial year ending 31 December 2017 and Benefits Payable up to an aggregate amount of RM150,000 for the Non-Executive Directors from 1 January 2017 until the next AGM of the Company and payments thereof. | Ordinary Resolution 6 |

## NOTICE OF ANNUAL GENERAL MEETING

*cont'd*

### 8. **Proposed Renewal of Shareholders' Mandate and Additional Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT subject to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company and its subsidiaries ("TWPH Group") be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 26 April 2017 with the related parties mentioned therein which are necessary for the TWPH Group's day-to-day operations and/or in the ordinary course of business of TWPH Group on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier;

THAT in making the disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the proposed shareholders' approval in the Company's annual report, the Company shall provide a breakdown of the aggregate value of recurrent related party transactions made during the financial year, amongst others, based on:-

- (i) the type of the recurrent related party transactions made; and
- (ii) the name of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT the Directors of the Company and its subsidiaries be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions as authorised by this Proposed Shareholders' Mandate."

### **Ordinary Resolution 7**

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 22<sup>nd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 54 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 11 May 2017. Only a depositor whose name appears on the Record of Depositors as at 11 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

# NOTICE OF ANNUAL GENERAL MEETING

*cont'd*

## NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 22<sup>nd</sup> AGM, a final single-tier dividend of 8.00 sen per ordinary share in respect of the financial year ended 31 December 2016 will be paid to the shareholders on 30 June 2017. The entitlement of the said dividend shall be on 9 June 2017.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- (a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 9 June 2017 in respect of transfers; and
- (b) Shares bought on Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

### BY ORDER OF THE BOARD

**TAI YIT CHAN (MAICSA 7009143)**

**CHOONG LEE WAH (MAICSA 7019418)**

Secretaries

Selangor Darul Ehsan

Date: 26 April 2017

### Notes:-

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the form of proxy shall be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of the poll at the AGM or any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the 22<sup>nd</sup> AGM will be put to vote by way of poll.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## Explanatory Notes:-

### 1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

### 2. Re-appointment of Director

With the coming into force of the Companies Act 2016 on 31 January 2017, there is no age limit for directors.

At the 21<sup>st</sup> AGM of the Company held on 18 May 2016, Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara), who is above the age of 70, was re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the 22<sup>nd</sup> AGM. His term of office will end at the conclusion of the 22<sup>nd</sup> AGM and he has expressed his intention not to seek for re-appointment at the 22<sup>nd</sup> AGM of the Company. Hence, he will retire at the conclusion of the 22<sup>nd</sup> AGM.

### 3. Ordinary Resolution 5 on the Directors' Fees and Benefits Payable to the Non-Executive Directors for the financial year ended 31 December 2016

Following the study on Non-Executive Directors Pay and Profile by the external consultant, the Board approved the Remuneration Committee's recommendation for the proposed upward revision to the Directors' Fees for the Non-Executive Directors in respect of the financial year ended 31 December 2016. The benefits payable to the Non-Executive Director comprises provision of ex-gratia payment.

### 4. Ordinary Resolution 6 on the Directors' Fees for the financial year ending 31 December 2017 and Benefits Payable to the Non-Executive Directors from 1 January 2017 until the next AGM of the Company

The fees for the Non-Executive Directors had been increased for the financial year ended 31 December 2016 following the study on Non-Executive Directors Pay and Profile by the external consultant. The Board subsequently approved the Remuneration Committee's recommendation for the Directors' Fees for the financial year ending 31 December 2017 to be maintained as the previous financial year. The benefits payable to the Non-Executive Directors comprise meeting and travelling allowances and provision of ex-gratia payment.

The payments of the Non-Executive Directors' Fees for the financial year ending 31 December 2017 and the Benefits Payable to the Non-Executive Directors from 1 January 2017 until the next AGM of the Company will only be made if the proposed Ordinary Resolution 6 has been passed at the 22<sup>nd</sup> AGM.

### 5. Ordinary Resolution 7 on the Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 7 is set out in the Circular to the Shareholders 26 April 2017.

## Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

*Executive Director*

*Chairman*

**YEN WEN HWA (NGAN TZEE MANH)**

*Executive Director*

**LEE CHEE WHYE**

*Non-Independent Non-Executive Director*

**ANGELA HENG CHOR KIANG**

*Non-Independent Non-Executive Director*

**DAVID LIM TECK LEONG**

*Senior Independent Non-Executive Director*

**LEE CHEOW FUI**

*Independent Non-Executive Director*

**MEJ. JEN. DATUK ABDUL KADIR BIN NORDIN**  
(Bersara)

*Independent Non-Executive Director*

**DATUK TOH AH WAH**

### COMPANY SECRETARIES

**TAI YIT CHAN** (MAICSA 7009143)

**CHOONG LEE WAH** (MAICSA 7019418)

Tel : +60 (3)7720 1188

Fax : +60 (3)7720 1111

E-mail : boardroom-kl@boardroomlimited.com

### REGISTERED OFFICE

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8 First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7720 1188

Fax : +60 (3)7720 1111

E-mail : boardroom-kl@boardroomlimited.com

Website : www.boardroomlimited.com

### SHARE REGISTRAR

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD** (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

Tel : +60 (3)2783 9299

Fax : +60 (3)2783 9222

E-mail : is.enquiry@my.tricorglobal.com

Website : www.tricorglobal.com

### TRICOR CUSTOMER SERVICE CENTRE

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Avenue 3, Bandar South

No. 8 Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

### AUDITORS

KPMG PLT (LLP0010081-LCA & AF0758)

Chartered Accountants

Level 10, KPMG Tower

8 First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7721 3388

Fax : +60 (3)7721 3399

E-mail : info@kpmg.com.my

Website : www.kpmg.com.my

### PRINCIPAL BANKERS

**OCBC BANK (MALAYSIA) BERHAD**

(295400-W)

**UNITED OVERSEAS BANK (MALAYSIA)**

**BERHAD** (271809-K)

**HSBC BANK MALAYSIA BERHAD**

(127776-V)

### PRINCIPAL OFFICES

#### HEAD OFFICE

**TIEN WAH PRESS HOLDINGS BERHAD**

(340434-K)

9 & 11, Jalan Semangat

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7956 3866, 7955 6233

Fax : +60 (3)7956 1228

E-mail : winong@tienwah.com

Website : www.tienwah.com

### SUBSIDIARY COMPANIES

**TIEN WAH PRESS (MALAYA) SDN BHD**

(3850-D)

**TIEN WAH PROPERTIES SDN BHD**

(428504-A)

9 & 11, Jalan Semangat

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3)7956 3866, 7955 6233

Fax : +60 (3)7956 1228 (General)

+60 (3)7956 6925 (Sales)

E-mail : sales@tienwah.com

### ALLIANCE PRINT TECHNOLOGIES

**CO LTD** (463043000165)

38, Huu Nghi Street

Vietnam – Singapore Industrial Park

Thuan An District

Binh Duong Province, Vietnam

Tel : +84 (650)376 7194, 376 7195

Fax : +84 (650)376 7089, 376 7459

E-mail : errol.tan@newtoyo.com

### ALLIANCE PRINT TECHNOLOGIES FZE

(178665)

Plot No. S30605, PO Box 263919

Jafza South, Jebel Ali, Dubai,

United Arab Emirates

Tel : +971 488 65 707

E-mail : clementsoon@tienwah.com

### ANZPAC SERVICES (AUSTRALIA)

**PTY LTD** (ABN25000032164)

32 Britton Street, Smithfield

New South Wales 2164, Australia

Tel : +61 (2)8787 1333

Fax : +61 (2)9757 1599

E-mail : steve.arduino@newtoyo.com

Website : www.anzpac.com.au

### PT. BINTANG PESONA JAGAT

(4016121535260388)

Jl. Perusahaan No. 50 A,

RT 003 RW 004, Banjararum,

Singosari, Kabupaten Malang,

Jawa Timur 65153, Indonesia

Tel : +62 (341) 4343400

E-mail : hendra.atmadja@newtoyo.com

### JOINTLY CONTROLLED ENTITY

#### TOYO (VIET) - DOFICO PRINT PACKAGING

**CO. LTD** (412043000459)

Lot B4, A Street, Binh Chieu Industrial Park

Thu Duc District, Ho Chi Minh City, Vietnam

Tel : +84 (08)3897 1267

Fax : +84 (08)3729 4888

E-mail : tuyen.pham@newtoyo.com

#### LUM CHANG TIEN WAH PROPERTY

**SDN BHD** (1179139-K)

Lot 10-03, Level 10, Menara HLA,

3 Jalan Kia Peng, 50450, Kuala Lumpur,

Wilayah Persekutuan, Malaysia

Tel : +60 (3)2171 2222

Fax : +60 (3)2171 2333

E-mail : lctwp@lumchang.com.my

### STOCK EXCHANGE LISTING

#### BURSA MALAYSIA SECURITIES BERHAD

(635998-W)

Main Market

Listed since : 2 August 1996

Stock Code : 7374

Stock Name : TIENWAH



**TIEN WAH PRESS  
HOLDINGS BERHAD**  
(Company No.: 340434-K)  
Investment holding company  
Incorporated on 15 April 1995

### Tien Wah Press (Malaya) Sdn Bhd

(Company No.: 3850-D)

#### Equity 100%

Rotogravure printing specialising in cigarette cartons and consumer goods packaging and photolithography printing specialising in cartons and labels packaging and advertising materials

*Incorporated on 20 July 1960*

### New Toyo Investments Pte Ltd

(Company No.: 199600807W)

#### Equity 100%

Investment holding company

*Incorporated on 1 February 1996*

### Alliance Print Technologies FZE

(Registration No.: 178665)

#### Equity 100%

Provision of printing services for tobacco packaging and packaging services in general

*Incorporated on 8 March 2016*

### Max Ease International Limited

(Company No.: 1250981)

#### Equity 51%

Investment holding, sales, sub-contracting and licensing for the manufacturing, printing and selling of printed folding cartons and tobacco product packaging

*Incorporated on 26 June 2008*

### Toyo (Viet) – Dofico Print Packaging Co. Ltd

(Investment Licence No.: 412043000459)

#### Equity 50%

Provision of printing services for tobacco packaging and packaging services in general

*Incorporated on 14 July 1993*

### Tien Wah Properties Sdn Bhd

(Company No.: 428504-A)

#### Equity 100%

Investment property holding

*Incorporated on 23 April 1997*

## GROUP CORPORATE STRUCTURE

as at 26 April 2017

### Alliance Print Technologies Co. Ltd

(Investment Licence No.: 463043000165)

#### Equity 100%

Provision of printing services for tobacco packaging and packaging services in general

*Incorporated on 24 November 2004*

### Anzpac Services (Australia) Pty Ltd

(Company No.: ABN 25000032164)

#### Equity 100%

Provision of printing services for tobacco packaging and packaging services in general

*Incorporated on 31 March 1936*

### Max View Holdings Limited

(Company No.: 2417577)

#### Equity 100%

Investment holding

*Incorporated on 19 August 2016*

### PT Bintang Pesona Jagat

(Company No.: 4016121535260388)

#### Equity 100%

Provision of printing services for tobacco packaging and packaging services in general

*Incorporated on 16 November 2002*

### Lum Chang Tien Wah Property Sdn Bhd

(Company No.: 1179139-K)

#### Equity 50%

Investment holding

*Incorporated on 11 March 2016*

## CORPORATE PROFILE



### INCORPORATION AND PRINCIPAL ACTIVITIES

Tien Wah Press Holdings Berhad (“TWPH”) was incorporated in Malaysia on 15 April 1995 as a private limited company and was converted into a public company on 13 June 1995. The Company was listed on the Second Board of the Kuala Lumpur Stock Exchange on 2 August 1996 and migrated to the Main Board of Bursa Malaysia Securities Berhad on 8 October 2007, now known as Main Market. Its principal activity is that of investment holding while the activities of its subsidiaries, jointly controlled entity and associate company are those of rotogravure and photolithography printing and packaging trading and printing of tipping paper.

## CORPORATE PROFILE

*cont'd*

### BACKGROUND AND BUSINESS OVERVIEW

#### Corporate Development of TWPH Group

The TWPH Group's operation began with the establishment of Tien Wah Press (Malaya) Sdn Bhd ("TWPM") on 20 July 1960 with a workforce of 78 involved initially in the operations of photolithography printing specialising in book printing and folding carton conversion. Spurred by the steady growth of its business, TWPM ventured into rotogravure printing technology in 1986 to meet the increasing demand in tobacco packaging.

Since its listing in 1996, TWPH developed further by establishing joint venture companies; Benkert (Malaysia) Sdn Bhd ("Berkert") in 1998 and Paper Base Converting Sdn Bhd ("PBC") in 1999. Berkert operates as a member of the International Berkert Group who is a major supplier of gravure printed and perforated tipping materials to the global cigarette manufacturers. PBC manufactures aluminium foil laminated paper and paperboard for cigarette packaging and other applications such as liquor and cosmetics. PBC was disposed off to New Toyo Lamination (M) Pte Ltd, a deemed substantial shareholder of TWPH, on 4 December 2008.

In 2007, TWPH completed the acquisition of a wholly-owned subsidiary, New Toyo Investments Pte Ltd ("NTIV") from New Toyo International Holdings Ltd ("NTIH"), the ultimate shareholder of TWPH. NTIV is an investment holding company which owns 100% of Alliance Print Technologies Co. Ltd in Vietnam. This acquisition enabled the TWPH Group to enter into Vietnam, a market in Southeast Asia with strong growth, attractive tax regime and low production cost.

On 8 September 2008, TWPH acquired Max Ease International Limited ("MEIL"), a company incorporated and domiciled in Hong Kong Special Administrative Region of the People's Republic of China, and converted it into a joint venture company with NTIH. Through MEIL, TWPH Group expanded its operations into the Australasia region by acquiring Anzpac Services (Australia) Pty Ltd ("Anzpac"), based in Sydney, Australia. The acquisition of Anzpac was completed on 31 October 2008.



Also in 2008, the TWPH Group, together with our substantial shareholder and ultimate holding company NTIH, successfully bid for a seven-year exclusive supply agreement with a right to extend for additional three years to supply British American Tobacco's printed carton requirements in Australasia, Vietnam, Singapore and Malaysia. This agreement was subsequently extended on 13 November 2014 for an additional one year from the existing period of seven years ended 31 October 2015 to 31 October 2016 and the continuing right to extend for additional three years. On 28 October 2016, the agreement was successfully extended for a further 3 years. Fulfilling the demands spelt out in this agreement now represents the TWPH Group's core business.

In 2009, TWPH acquired Toyo (Viet) Paper Product Co. Ltd. ("TVP"), a company incorporated and domiciled in Vietnam. In May 2015, TWPH Group entered into a strategic joint venture agreement with TVP and Dong Nai Food Industrial Corporation in Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO and was deemed completed as at 31 December 2015 and recognized as a Jointly Controlled Entity. This move represents one of the many strategies undertaken by the Group to increase its print volume and profitability.

On the 16 May 2016, Tien Wah Properties Sdn Bhd ("TWPSB"), a wholly-owned subsidiary of TWPH, entered into a Shareholders' Agreement with Kemensah Holdings Pte Ltd ("KHPL"), a wholly-owned subsidiary of Lum Chang Holdings Ltd ("LCH"), to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd ("LCTWP"), formerly known as Sterling Model Sdn Bhd ("SMSB") to acquire and jointly develop the property at No 9 & 11, Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan into a mixed-use commercial development. The aforesaid property was previously owned by TWPSB.

## CORPORATE PROFILE

cont'd



On 8 March 2016, TWPH incorporated a new wholly-owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates ("UAE"). The incorporation of APTF enables the TWPH Group to expand its business in a free trade zone market in UAE with significant business growth.

On 24 October 2016, TWPH through MEIL, its 51% subsidiary acquired Max View Holdings Limited ("MVHL"), a company incorporated and domiciled in Hong Kong Special Administrative Region of the People's Republic of China. Through MVHL, TWPH Group expanded its operations into Indonesia by acquiring 100% of PT Bintang Pesona Jagat ("BPJ"), a member of British American Tobacco Group ("BAT Group") in Indonesia. The acquisition of BPJ was completed on 15 December 2016.

TWPH had on 23 December 2016 accepted an offer to dispose of the remaining 30% share in Benkert (Malaysia) Sdn Bhd ("Benkert Malaysia") to Benkert UK Ltd and would effectively de-consolidate Benkert Malaysia from its Group accounts as at 31 December 2016.

### TWPH Regional Production Footprint

TWPH Group's manufacturing operations are presently sited at factories located at:-

- Petaling Jaya in Selangor, Malaysia
- Vietnam-Singapore Industrial Park in Ho Chi Minh City, Vietnam
- Binh Chieu Industrial Park in Ho Chi Minh City, Vietnam
- Smithfield in Sydney, Australia
- Jebel Ali Free Zone Authority in Dubai, United Arab Emirates (under development)
- Kabupateng Malang in East Java, Indonesia

TWPH Group is reputed as a high-quality print packaging company offering excellent quality materials using state-of-the-art printing technologies. In terms of market share, the TWPH Group is one of the top 5 printers in Malaysia, and a major player in South East Asia and Australasia. Supported by its staff of about 843 the TWPH Group will continue to focus on developing its core competencies and consolidating its strengths to enable us to maintain our leading edge in the industry both locally and regionally.

The TWPH Group, established over five decades ago and built on a strong financial position, dedicated work force and extensive market coverage, remains firm in providing quality products and services to its customers.

## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

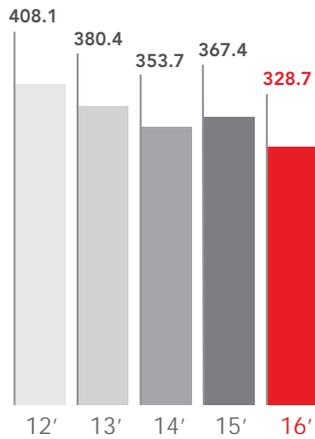
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
<b>PROFITABILITY</b>					
Revenue	328,704	367,374	353,686	380,371	408,081
Results from operating activities	46,840	33,192	19,983	39,479	46,813
Profit before tax	51,194	37,622	22,979	41,186	47,222
Profit for the year	52,603	35,831	15,820	33,823	40,375
Profit attributable to owners of the Company	64,188	33,975	13,531	24,526	27,168
Net annual dividends	17,369	17,369	6,755	12,332	12,332
<b>KEY BALANCE SHEET DATA</b>					
Share capital	144,743	96,495	96,495	96,495	96,495
Total equity attributable to owners of the Company	381,319	284,271	236,651	229,149	217,016
Intangible assets	91,497	19,443	26,874	32,697	36,636
Property, plant and equipment	262,936	242,099	236,965	221,075	229,090
Investment in joint venture	5,938	6,464	-	-	-
Investment in an associate	-	25,460	20,171	16,393	13,349
Other non-current assets	10,158	11,153	1,218	3,711	4,180
Current assets	314,085	199,087	181,639	176,078	172,447
<b>Total assets</b>	<b>684,614</b>	<b>503,706</b>	<b>466,867</b>	<b>449,954</b>	<b>455,702</b>
Non-current liabilities	108,964	25,130	30,867	31,427	48,443
Current liabilities	146,661	132,137	131,271	118,041	118,582
<b>Total liabilities</b>	<b>255,625</b>	<b>157,267</b>	<b>162,138</b>	<b>149,468</b>	<b>167,025</b>
Loans and borrowings	138,161	71,606	73,961	72,901	92,246
Capital expenditure	37,630	14,612	31,967	13,998	8,933
Cash generated from operations	53,821	69,634	66,027	58,278	77,805
<b>SHARE INFORMATION</b>					
Gross earnings per share (sen)	35.71	32.56	23.81	42.68	48.94
Net earnings per share (sen)	44.77	29.40	14.02	25.42	28.15
Net assets per share (RM)	2.63	2.95	2.45	2.37	2.25
Net dividends per share (sen)	12.00	18.00	7.00	12.78	12.78
Share price as at Financial Year End (RM)	1.76	2.57	1.85	2.68	2.00
<b>FINANCIAL RATIOS</b>					
Return on revenue (%)	19.53	9.25	3.83	6.45	6.66
Return on paid-up capital (%)	44.35	35.21	14.02	25.42	28.15
Return on shareholders' funds (%)	16.83	11.95	5.72	10.70	12.52
Gearing (net borrowings to shareholders' funds) - times	0.36	0.25	0.31	0.32	0.43

# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

cont'd

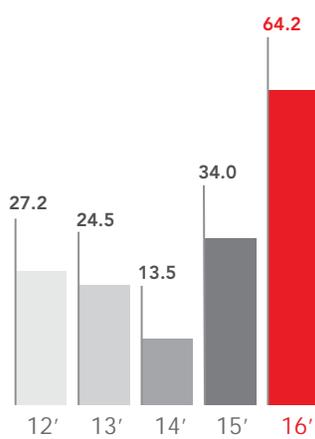
## Revenue

Profitability  
(RM'million)



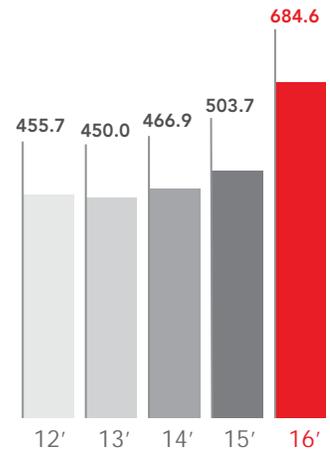
## Profit Attributable to Owners of The Company

Profitability  
(RM'million)



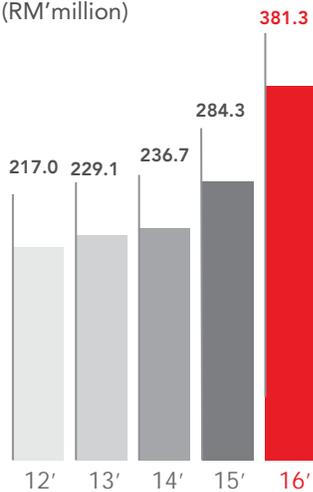
## Total Assets

Key Balance Sheet Data  
(RM'million)



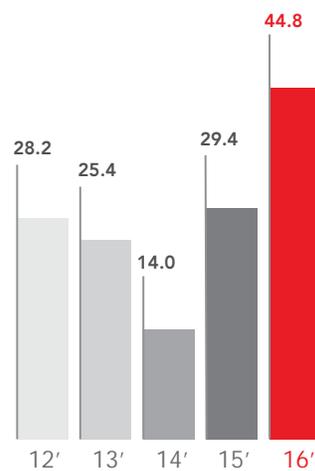
## Total Equity Attributable to Owners of The Company

Key Balance Sheet Data  
(RM'million)



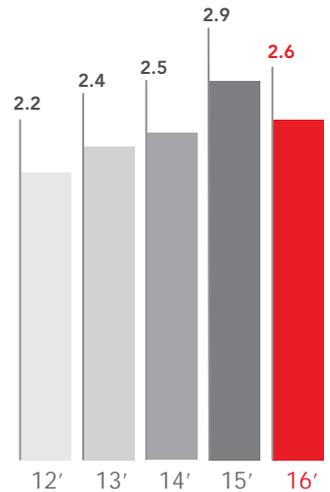
## Net Earnings Per Share

Share Information  
(Sen)



## Net Assets Per Share

Share Information  
(RM)



## INVESTOR INFORMATION

### STOCK MARKET PERFORMANCE IN 2016

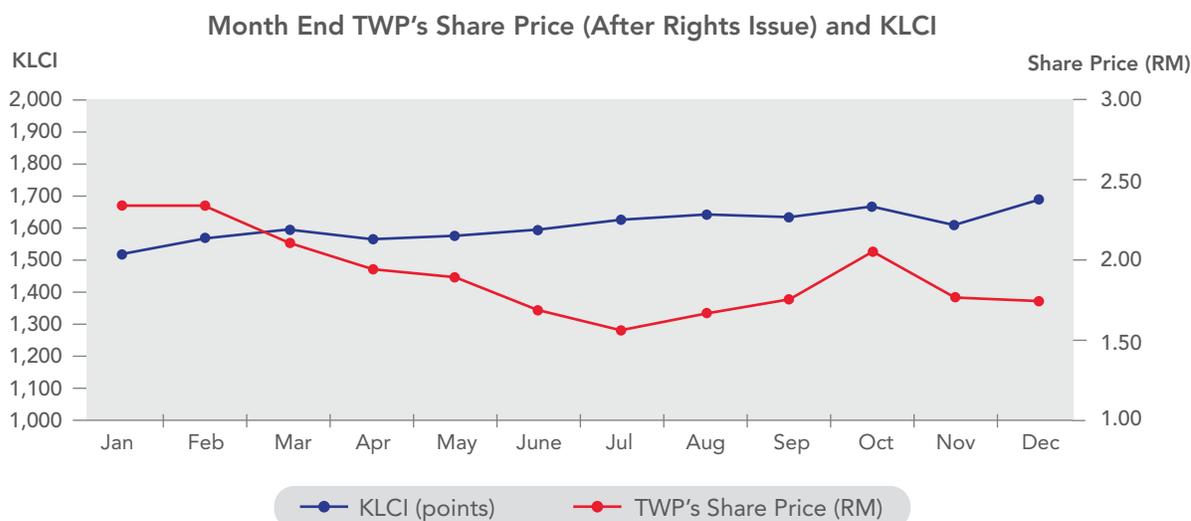
FTSE Bursa Malaysia Composite Index ("FBM KLCI") started 2016 at 1,653 points.

During January 2016, capital markets globally experienced significant volatility, driven by slowdown in China economy, fall in crude oil prices and combined with weakening of the Malaysian Ringgit, FBM KLCI hit the lowest for year 2016, at 1,601 points.

Despite continued market volatility, macroeconomic indicators such as a recovery in crude oil prices and the value of the Malaysian Ringgit, FBM KLCI reached the highest level of 1,728 points towards a resilient market environment, on 15 April 2016.

Towards the final quarter of 2016, FBM KLCI stabilised and closed at 1,642 points as at 30 December 2016, recording an overall fall of 11 points or 0.67% from the start of 2016.

### TIEN WAH PRESS HOLDINGS ("TWPH") SHARE PRICE PERFORMANCE IN 2016



TWPH share price started at the beginning of the year at RM2.57 and traded at RM2.51 prior to the announcement on the Renounceable Rights Issue of one (1) Rights Share for every two (2) existing TWPH Shares on 23 February 2016. Following the listing of the additional Rights Issue Shares on 9 August 2016, TWPH share price traded at RM1.76. It continued to decline and bottomed out at RM1.56 on 2 August 2016 after the close of subscription of the Renounceable Rights Issue on 26 July 2016.

TWPH share price rose to its new peak at RM2.04 on 28 October 2016 after the announcement on 5 October 2016 that TWPH had been awarded the tender to acquire BPJ with a 6-years supply agreement from PT Bentoel Internasional Investama Tbk ("Bentoel Group"), a member of British American Tobacco Group ("BAT Group") in Indonesia.

Despite the additional announcement on 28 October 2016 on the extension of Supply Agreement by MEIL, in respect of supply to British American Tobacco Group for an additional three (3) years, TWPH share price settled downwards at RM1.76 by end 2016 due to concerns of rising crude oil prices, rise in the US interest rates and continued weakness in the Malaysian Ringgit.

TWPH's value in terms of market capitalisation rose accordingly by 2.7% or RM6.7 million to RM254.7 million as at the end of 2016.

## PROFILE OF DIRECTORS



### **MR YEN WEN HWA (NGAN TZEE MANH)**

*Executive Director, Chairman  
Singaporean, Age 68 years, Male*

He was appointed to the Board of the Company and elected as Executive Chairman on 16 February 2015. He had earlier served as the Chief Executive Officer ("CEO") of the Company from 1 September 2010 to 31 December 2011.

He is the founder of New Toyo International Holdings Ltd ("NTIH") Group and served as Managing Director and Chairman of the Board of NTIH until 30 September 2011 and re-appointed as Director and Non-Executive Chairman of NTIH on 1 September 2016. He also served as a Non-Independent Non-Executive Director of Shanghai Asia Holdings Ltd from 10 February 2004 to 1 May 2012.

Mr Yen was responsible for the overall business strategy and development of NTIH and its subsidiaries ("NTIH Group"). Mr Yen has over 40 years of experience in the paper conversion and packaging industry.

He is deemed interested in the recurrent related party transactions by virtue of his shareholdings in Yen & Son Holdings Pte Ltd ("YSH") and NTIH pursuant to Section 8(4) of the Companies Act 2016. YSH is a major shareholder of the Company and is deemed interested by virtue of its shareholdings in NTIH. NTIH is a major shareholder and ultimate holding company of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the nine (9) board meetings held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS

*cont'd*



### MR LEE CHEE WHYE

*Executive Director, Chief Executive Officer  
Singaporean, Age 50 years, Male*

Mr Lee was appointed as the CEO of the Company effective 1 August 2014 and appointed as the Executive Director to the Board on 1 September 2016.

He holds a Bachelor in Computer Science with Business degree and has more than 17 years of senior management, operations and marketing experience. He was the Executive Director and CEO of NTIH, a substantial shareholder and ultimate holding company of TWPH until 1 August 2014. He was seconded to TWPH to serve as the CEO for two years effective 5 November 2014. Prior to this appointment, he was the Operations Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd, a subsidiary of NTIH from years 2005 to 2006 and was subsequently promoted to Business Head of Specialty Papers Division in October 2006.

In his current role as the Executive Director and CEO, Mr Lee is responsible for implementing the business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure smooth operation of the Company and its subsidiaries ("TWPH Group"). Currently, he holds directorships in a few subsidiaries in TWPH Group and other non-listed companies.

He is deemed interested in the recurrent related party transactions by virtue of him being a person connected with NTIH, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd. He does not have any family relationship with any director and/or major shareholder of TWPH Group. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the three (3) board meetings held in the financial year ended 31 December 2016 after his appointment.

### MS ANGELA HENG CHOR KIANG

*Non-Independent Non-Executive Director  
Singaporean, Age 58 years, Female*

She was appointed to the Board of the Company on 25 April 2014. She serves as a member of the Remuneration Committee.

Ms Angela was appointed to the Board of NTIH on 27 March 2014 and elected as Executive Chairman of NTIH on 25 April 2014. On 1 September 2016, she stepped down as the Executive Chairman and was appointed as the Group Chief Executive Officer of NTIH. NTIH is a substantial shareholder and ultimate holding company of TWPH. She joined NTIH in the 1970s and was one of the pioneers of NTIH. She was instrumental in setting up the administration and accounts departments and later responsible for the sales and marketing activities of the NTIH Group.

In 1990, she assumed the position of General Manager of New Toyo Aluminium Paper Product Co (Pte) Ltd and brought this unit to ISO 9002 certification in 1996; paving the way for many other NTIH units to follow likewise. She started New Toyo International Co (Pte) Ltd in 1992 and served as its director till 1995. She was one of the key personnel involved in the listing of the NTIH Group on the main board of the Singapore Exchange Securities Trading Limited in 1997. She was appointed as the Deputy Chairperson of NTIH from 1997 to 1999 and the President for Asia Pacific from 2002 to 2006.

Ms Angela has accumulated more than 25 years of experience in the lamination industry, more than 10 years of experience in the printing business and more than 30 years in senior management and operations.

She served on the Management Committee of Care Community Services Society of Singapore from 2000 to 2003.

She is deemed interested in the recurrent related party transactions by virtue of her being a person connected with NTIH, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd. She does not have any family relationship with any director and/or major shareholder of TWPH Group. Other than traffic offences, she has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

She has attended all the nine (9) board meetings held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS

*cont'd*



### MR DAVID LIM TECK LEONG

*Non-Independent Non-Executive Director  
Singaporean, Age 60 years, Male*

He was appointed to the Board of the Company on 1 October 2014.

Mr Lim is an Independent Director of several companies publicly listed on the Singapore Exchange Securities Trading Limited (SGX-ST), namely, G.K. Goh Holdings Limited, and NTHI. He is the Non-Executive Chairman and Independent Director of Croesus Retail Asset Management Pte. Ltd., the Trustee Manager for Croesus Retail Trust, a Business Trust listed on the SGX-ST. He also sits on the boards of private companies in Singapore, Indonesia, Thailand and Malaysia in non-executive capacities and on the executive committees of several private equity investments.

Mr Lim is the founder of David Lim & Partners LLP and has been the Managing Partner since 1990. He began his career at Rodyk & Davidson in 1982 with a focus in commercial litigation, corporate finance, restructuring and mergers & acquisitions. Mr Lim has represented MNCs and corporations from the financial and banking sectors, fund management, private equity, manufacturing, tobacco, information technology and telecommunications, infrastructure, property development, food, hospitality, healthcare, shipping and electronics.

Mr Lim is an honorary legal adviser (for David Lim & Partners LLP) of the Singapore Physiotherapy Association.

He is deemed interested in the recurrent related party transactions by virtue of him being a person connected with NTHI, a major shareholder of TWPH via its shareholding in Tien Wah Holdings (1990) Sdn Bhd and Singapore Pacific Investments Pte Ltd. He does not have any family relationship with any director and/or major shareholder of TWPH Group. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended seven (7) out of the nine (9) board meetings held in the financial year ended 31 December 2016.

### MR LEE CHEOW FUI

*Senior Independent Non-Executive Director  
Malaysian, Age 60 years, Male*

He was appointed to the Board of the Company on 23 July 2013. He serves as the Chairman of the Nomination Committee and the Audit Committee. He is a member of the Remuneration Committee and Risk and Finance Committee.

He holds a Bachelor of Commerce degree from the University of New South Wales, Australia. He started his career with Touche Ross & Co in Sydney soon after graduation in 1979 until his return to Malaysia in 1982. From 1982 to 1992, he was employed by the ACI International Group as their Finance Manager in Malaysia. ACI was an Australian conglomerate with glass container and glass building products businesses in Malaysia. ACI International was subsequently acquired by BTR-Nylex Ltd and he was appointed as the Regional Finance Manager for the Asia buildings products division based in Singapore. In 1992, he left to join the corporate office of Fraser and Neave Limited ("F&N Ltd") as their Deputy Corporate Finance Manager. In 1996, he returned to Malaysia once again, as the Chief Financial Officer of the newly formed F&N Holdings Berhad, which he had helped to setup. In 2007, he initiated a major acquisition for the F&N Group and was appointed as the Chief Operating Officer for the dairies product division, the position he held until his retirement in May 2012.

Mr Lee also serves on the Board of Apex Equity Holdings Berhad and Esthetics International Group Berhad.

Professionally, he is a fellow of the Institute of Chartered Accountants in Australia, member of CPA Australia, the Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants.

A professional manager all his life and in recognition for his efforts during his career, he was selected as one of the winners in the Asia Pacific Entrepreneurial Awards for 2011.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the nine (9) board meetings held in the financial year ended 31 December 2016.

## PROFILE OF DIRECTORS

*cont'd*



### **MEJ. JEN. DATUK ABDUL KADIR BIN NORDIN**

*(Bersara)*

*Independent Non-Executive Director  
Malaysian, Age 75 years, Male*

He was appointed to the Board of the Company on 2 September 1999. He also serves as the Chairman of the Remuneration Committee and a member of the Audit Committee, Risk and Finance Committee and Nomination Committee. On 1 July 2016, he was re-designated to Independent and Non-Executive Director.

He served in the Malaysian Armed Forces for 34 years and had served as a Director of Armed Forces Cooperative for 6 years. He has also served as the Director of Human Resources in SUKOM Ninety-Eight Berhad on his retirement from the Armed Forces.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the nine (9) board meetings held in the financial year ended 31 December 2016.

### **DATUK TOH AH WAH**

*Independent Non-Executive Director  
Malaysian, Age 59 years, Male*

He was appointed to the Board of the Company on 23 July 2013. He serves as the Chairman of the Risk and Finance Committee and a member of Audit Committee and Nomination Committee.

He holds a Bachelor of Commerce from the Concordia University, Montreal, Canada. He joined Rothmans of Pall Mall (Malaysia) Berhad in 1981 as management trainee, now known as British American Tobacco (Malaysia) Berhad ("BATM") and held various marketing roles including Area Manager and Marketing Manager. He was seconded to China in 1991 and during his tenure overseas had held various positions including General Manager for Shandong Rothmans Tobacco Company Limited, China in 1991, Sales and Marketing Director China/Hong Kong for Rothmans (Far East) Limited in 1994, General Manager Taiwan of Rothmans (Far East) Taiwan Limited in 1996, General Manager China/Hong Kong of Rothmans (Far East) Limited in 1997 and Managing Director Greater China of Rothmans (Far East) Limited in 1998.

He re-joined BATM in 1999 post the merger between Rothmans and British American Tobacco ("BAT") and thereafter held various positions including Business Development Director China for BAT Asia Pacific North in 2000, Managing Director of BAT New Zealand Limited in 2003, Managing Director of Pakistan Tobacco Company Limited in 2005, the Area Director of BAT South Asia Area in 2007, the Area Director of the Indonesia Cluster and the Regional Project Manager of BAT Asia Pacific Region Ltd in 2008, Managing Director of BATM in October 2009, a position he held until his retirement in June 2013. During this period, he also served as the Audit Committee Chairman for BAT Vietnam Area and BAT Greater China Area.

He is currently a Director of Petronas Chemicals Group Berhad since 13 June 2014 and CTBAT International Co Ltd, a company incorporated in Hong Kong. He serves as a Council member of the Badminton Association of Malaysia since August 2014.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended seven (7) out of the nine (9) board meetings held in the financial year ended 31 December 2016.

## PROFILE OF SENIOR MANAGEMENT



### **MR LAM HOI KHONG**

#### **Group Finance Director**

Tien Wah Press Holdings Berhad  
 Malaysian, Age 46 years, Male

Mr Lam graduated with a Bachelor of Business Degree majoring in Accountancy from the University of Southern Queensland, Toowoomba, Australia. He is a member of the Malaysian Institute of Accountants and the CPA Australia.

Mr Lam was attached to Petaling Tin Berhad ("PTB") from June 2003 to January 2017. He joined PTB as the General Manager of Finance and Administration before being promoted to assume the role of Chief Financial Officer from November 2007 to January 2017. Throughout his tenure, he was also the Joint Company Secretary of PTB and its subsidiaries.

Prior to this, he was the Group Financial Controller for Winnerpac Group at Gabon, West Africa for a period of less than 2 years, after having worked for close to 5 years as the Finance Manager for the automobile distribution arm of Oriental Holdings Berhad. He spent his early formative years at PricewaterhouseCoopers (formerly known as Coopers & Lybrand) from 1994 to 1997.

He has more than 20 years of working experience in the areas of finance and accounting, corporate finance, auditing and taxation.

Mr Lam joined on 3 February 2017 as the Group Finance Director and is responsible to spearhead the Finance and Risk Management functions of the Group. He will provide the Group with the required strategic directions on the commercial and financial aspects of the business, and help drive it to a higher level of success.

He does not hold any directorship in other public companies or listed issuers.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

### **MR ANDREW YEO PENG KHOON**

#### **Group Human Resources Director**

Tien Wah Press Holdings Berhad  
 Malaysian, Age 40 years, Male

After being called to the Malaysian Bar, Mr Yeo began his career as an Advocate and Solicitor, specialising in civil and criminal litigation and intellectual property law. He holds a degree in Law (LL.B) from IIU Law, Malaysia. Mr Yeo then joined BAT in 2001, and has worked in various countries, managing large-scale business transformations. He brings expertise in talent, change management, succession planning and organisational design.

He was instrumental in improving Human Resources ("HR") standards for various markets, and has been active in identifying, coaching and mentoring emerging leaders. In all markets he served, Mr Yeo has left the legacy of a stronger management team, with successors prepared for key positions.

In 2008, Mr Yeo was appointed Head of HR, based in BAT Cambodia and Thailand, and subsequently appointed HR Director of BAT Cambodia and Asian Emerging Markets, before returning to Malaysia as the Head of HR for Commercial Marketers and Distributors Sdn. Bhd.

Mr Yeo joined on 16 April 2015 as the Group HR Director and is responsible to shape and implement the talent and organisational strategy and to strengthen end-to-end HR practices for the Group.

He does not hold any directorship in other public companies or listed issuers.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.



## PROFILE OF SENIOR MANAGEMENT

*cont'd*



### **MR IAN JOHN HARRIS**

#### **Group Business Development Director**

Tien Wah Press Holdings Berhad

*British, Age 69 years, Male*

Mr Harris holds a Bachelor of Arts in Economics and Business Studies from the Open University, United Kingdom.

He has worked within the paper and paperboard industry for forty five (45) years initially for a UK based manufacturing business, and for the last 30 years a Swedish forestry company in various sales and marketing positions.

He has experience in both the graphic and packaging sectors and for twenty five (25) years specialising in both sales and product development with UK based multinational tobacco companies and specialist tobacco converters. This role also comprised the coordination of MNC business in Europe, Asia Pacific and Southern Africa.

Mr Harris joined on 1 May 2015 as Group Business Development Director. He is based in Europe and responsible for both existing customers and identifying new business opportunities within the tobacco business area.

He does not hold any directorship in other public companies or listed issuers.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interests in any business arrangement involving the Company. Other than traffic offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.



# CHAIRMAN'S REVIEW STATEMENT

**YEN WEN HWA**  
*Chairman*

Dear  
Shareholders,

On behalf of the Board of Directors of Tien Wah Press Holdings Berhad ("TWPH"), it is my pleasure to present the Group's performance for our financial year ended 31 December 2016.

# CHAIRMAN'S REVIEW STATEMENT

cont'd

## PERFORMANCE REVIEW

In 2016, I am pleased to announce that we made significant improvement in our profit from the year before. The Group has made sowed several strategic seeds for the stability and growth for the longer term. While the main industry in which we operate continued to undergo challenges, we managed to secure new customers and increase market share of key customers.

With the completion of transfer of a key customer's print volume from Australia to Vietnam, it was necessary to retrench the remaining Gravure printers in Australia. The actions taken were necessary to maintain cost competitiveness in the region and also to optimize the printing footprint within the Group.

All these events resulted in an overall increase of net profit attributed to owners of the company by 88.9% to RM64.2 million for 2016. Net tangible assets have also increased by 3.2% to RM337.5 million and debt levels increased by 92.9% to RM138.2 million, largely due to the acquisition of BPJ in Indonesia which was completed in December 2016. The Group shows a lower positive cash flow for operations of RM53.8 million, (2015 - RM69.6 million) due to higher redundancy expense.

## KEY DEVELOPMENTS REVIEW

In 2016, the Group boldly took major strategic actions to secure its position as a premier printer to support Global Tobacco Companies in the region and diversification into property development.

In March 2016, APTF was incorporated in Jebel Ali Free Zone, Dubai, United Arab Emirates. Plans are underway to commission a Gravure Printing machine to secure sales to some of the tobacco packing companies in Dubai. The plant is expected to commence operations in Q2 2017.

The Group entered into a joint venture agreement in August 2016, with a wholly owned subsidiary of Lum Chang Holdings Limited, Singapore to set up a 50:50 joint venture company known as Lum Chang Tien Wah Property Sdn Bhd to acquire the Group's existing land in Petaling Jaya for a total consideration of RM 63.8 million to jointly develop a mixed-used commercial development. This will unlock the value of the land currently occupied and deliver additional income stream for the Group in the medium term from 2018 onwards.

In August 2016, the Group completed and raised RM48.2 million from a renounceable rights issue to fund various corporate exercises and reduction of working capital debt, enlarging the issued and paid up share capital of TWPH to RM144.7 million.

The Group performance in the industry is largely correlated to the trends and development of the Tobacco Industry and our key customers' strategies. Our major customer's planned consolidation of its packing plant footprints in Asia and strategies to focus in its core business has provided a well-timed opportunity to the Group for the change in future production footprint. In October 2016, with our successful bid vide MELI, for the printing operations of our major customer in Indonesia with a 6 years' supply agreement, the Group now has a strategic printing operation in another lower operating cost country and close proximity to our major customer, which would also serve as a base for future sales growth in the Indonesian and Asian market. The acquisition was completed on 15 December 2016.

At the end of October 2016, the Group was pleased to announced the successful extension of the existing supply contract with our major customer for another three (3) years till October 2019. Hence, the Group's revenue will be assured for the next three (3) years, allowing Management to focus on the development of new customers, increasing market share and continuous improvement in operational efficiencies and quality to remain the most competitive player in the region.

In December 2016, the Group reluctantly disposed its 30% equity in Benkert (Malaysia) Sdn Bhd as there would be a conflict of interest arising from the acquisition of BPJ, whose business includes the manufacture of tipping paper, which would serve as an opportunity for further diversification.

## DIVIDENDS

On behalf of the Board of Directors, we would like to thank the continued support from our shareholders, who showed their trust in the Board, despite the difficulties and challenges in 2016. In appreciation for this support, the Board has recommended a final single-tier dividend of 8.00 sen (2015 -14.00 sen) per ordinary share of making the total dividend payout for the year at 12.00 sen (2015 - 18.00 sen) per ordinary share. This represents a payout ratio of 54.9% (2015 - 51.1%) of profits, excluding the one-off gain of disposal of land and building in Petaling Jaya. This is aligned to the Dividend Policy that the Board has adopted and announced in February 2016.

## OUTLOOK FOR 2017

Although 2016 financial performance was lower as compared to 2015, the Group has been successful in its corporate exercises to "sow the seeds" for the Group's future stability and performance in the increasingly competitive and volatile regional environment.

The Group's performance is highly correlated to the Tobacco Industry as the key customers and majority of sales are tobacco related printed cartons. The Tobacco industry globally is under continuing legislative restrictions, increasing excise duties and prevalence of illicit products, including Pictorial Health Warning requirements, Plain Packaging and smoking restrictions in public places.

Key focus of the Group in 2017 would be as follows:-

- Setup of a printing operation in Dubai to secure new customers in the region;
- Relocation of BPJ to a new site with new printing machines to improve profitability and creating capacity to undertake restructuring of Group's production footprint; and
- Downsizing and relocation of the print operations in Malaysia.

With the strategies and planned restructuring, the Group remains positive that we have the knowledge, capabilities, resources and team work to continue to be successful in our vision of growth in revenue and profit in the longer term.

## APPRECIATION

On behalf of the Board of Directors, I would like to express our deepest appreciation to all our stakeholders, valuable customers and cooperation of suppliers. We would not have achieved what we have if not for the continual support of you all in these times of challenges. To the employees of TWPH Group, we would like to express our utmost gratitude as all of you who courageously and tirelessly rose to the challenges in 2016.

Thank you very much.



**YEN WEN HWA**  
Chairman



## CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

**Lee Chee Whye**  
*Chief Executive Officer*

### 2016 PERFORMANCE OVERVIEW

Whilst the strength of the US Dollar had a positive impact to the overall results, there were also other key factors in areas of operational efficiency, reduction in quality complaints and further cost reduction from wastage control that was instrumental in maintaining the results in 2016.

## CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

cont'd



TWPH Group recorded a decline in revenue from RM367.4 million to RM328.7 million largely due to the absence of higher Australian pricing after the end of one of the major customer's 7-year supply contract in October 2015, whereby supply continued at Asian pricing and the exclusion of TVP's revenue as a result of the sale of 50.0% of TVP's equity interest to DOFICO in December 2015 to establish a strategic joint venture to secure a new tobacco customer's long term sales volume. The strong US Dollar continues to have a positive impact to the Group and with the continued improvement on efficiencies, cost reduction and quality control, the Group maintained a reasonable profit position notwithstanding the additional cost of retrenchment amounting to RM12.4 million during the year.

The results were achieved despite the Group operating in a challenging and volatile industry where legislative changes, increasing excise duties and prevalence of illicit products continue to have a negative impact.

In 2016, the TWPH Group recorded net profit attributable to shareholders of RM64.2 million (2015 - RM34.0 million), an increase of 88.9%. The significant improvement in net profit was due to disposal of land and building located at Jalan Semangat, Petaling Jaya, Selangor which contributed RM32.5 million to the overall result.

### Operations Performance Review

The Group is principally in the printing business of supporting tobacco companies in the printing of cigarette cartons. Although the Group utilises a variety of printing technology, the key requirement is the use of Gravure printers, which has the capability of printing exceptionally high quality products to meet the high standard required by tobacco companies.

As such, the key performance measures are based on Gravure printers as set out below:-

	2016		2015	
	Unit Measure	Weighted Average	Unit Measure	Weighted Average
Number of Gravure printers	13	8	9	8
Number of Available Gravure Hours	113,880	70,080	78,840	70,080
Number of Production Gravure Hours	37,005	37,005	47,978	47,978
Utilisation %	32.5	52.8	60.9	68.5

Notes:-

- Simple count and weighted average for Gravure printers in use in 2016 although specifications, productivity may be significantly different
- Available hours are based on 24 hours at 365 days and disregards rest days as well as contingency capacity required by customers

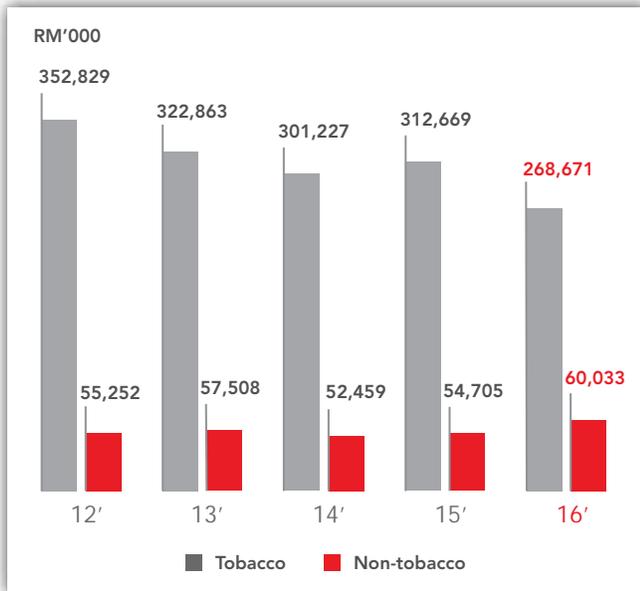
The increase in the number and weighted average number of gravure printers is largely due to the acquisition of BPJ, Indonesia which has added an extra 4 gravure printers to the Group from 16 December 2016. However, for the 2 weeks' post acquisition, there were no production in BPJ due to the customary Christmas holiday and to facilitate the takeover.

The reduction in the utilisation % is due to the reduction in sales volume to the Group's major customer as well as improvement in productivity.

## CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

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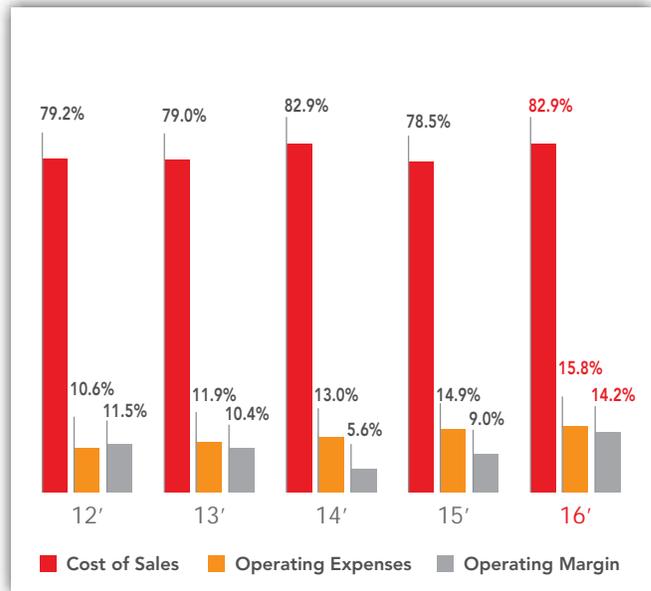
### REVENUE PERFORMANCE



Total revenue amounted to RM328.7 million (2015 - RM367.4 million) a decrease of RM38.7 million or 10.5%. The decrease was mainly due to the absence of the higher Australian pricing of one of the supply agreements with our major customer ended in October 2015, which continued at Asian pricing and revenue from TVP as a result of the joint venture with a Vietnamese Tobacco Company.

TWPH has two main types of customers comprising of tobacco and non-tobacco customers. Tobacco customers print requirements includes hinge lid blanks, display outer cartons and limited edition cigarette packaging for promotions. General packaging for non-tobacco customers includes beer and milk labels, health and pharmaceutical products and food and beverage packaging. The revenue for the tobacco customers decreased in 2016 by RM44.0 million largely as a result of the reasons stated above. On the other hand, non-tobacco revenue rose in 2016 by RM5.3 million as a result of capacity created in Australia after the transfer of production volume to Asia and successful bid for more non-tobacco customer business.

### COST AND MARGIN



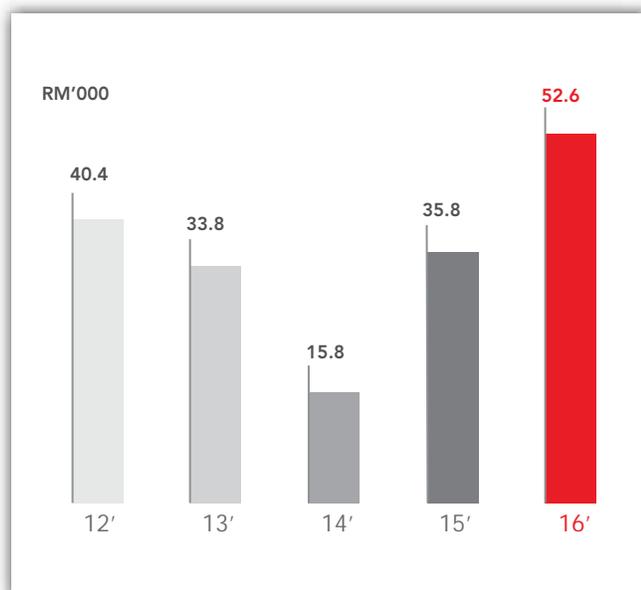
Cost of sales as a percentage of revenue increased from 78.5% to 82.9% in 2016 due to the absence of higher profit margin Australian sales which was largely mitigated with further cost reduction measures and improved efficiencies.

In 2016, the total cost base was decreased by 5.6% to RM326.7 million (2015 - RM346.0 million) and revenue decreased by 10.5% as highlighted above. Operating expenses against revenue increased from 14.9% to 15.8%, as a result of redundancy of RM12.4 million following the Group's further business restructuring during the financial year. As a result, coupled with improvement in wastage control, operating profit margin rose to RM46.8 million or 14.2% of revenue in 2016 (2015: RM33.2 million or 9.0%).

## CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

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### NET PROFIT



TWPH reported a net profit of RM52.6 million (2015 - RM35.8 million), an increase of RM16.8 million or 46.9%. The increase in net profit was due to:-

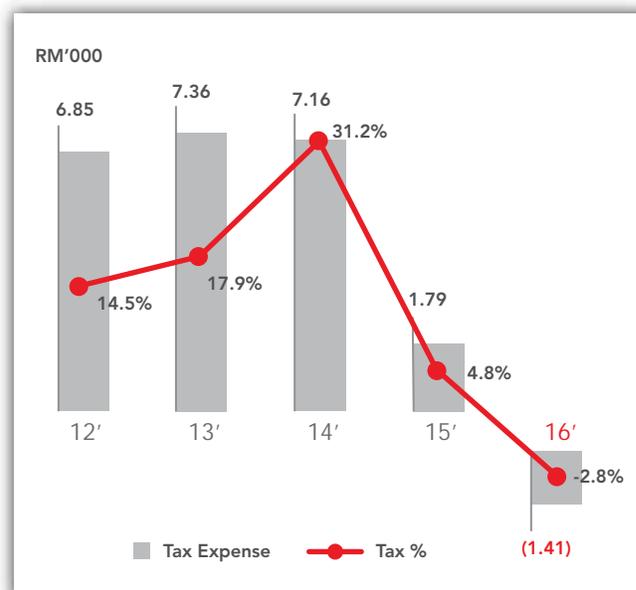
- gain of RM32.5 million from disposal of Jalan Semangat Land & Building;
- lower amortisation of Intangibles of RM1.4 million (2015 - RM9.2 million);
- gain of RM0.9 million on disposal of Benkert (Malaysia) Sdn Bhd, an associate company;

which were mitigated by:-

- absence of Australian pricing as elaborated in the above under Revenue Performance;
- Anzpac retrenchment cost amounting to RM12.4 million (2015: RM6.7 million);
- exceptional corporate cost of acquisition of 100% of BPJ, Indonesia amounting to RM1.0 million.

The net profit after non-controlling interests stood at RM64.2 million (2015 - RM34.0 million), an increase of 88.9% compared to 2015.

### TAX EXPENSE



The Group has continued to maintain a reasonably low tax expense level due to:-

- availability of tax incentives at zero and lower corporate tax rates in Vietnam and Hong Kong;
- tax losses in Anzpac, Australia with otherwise higher corporate tax rate of 30.0% as compared to Malaysia;
- reversal of deferred tax expense resulting from the disposal of Jalan Semangat Land & Building, which amounted to RM3.7m.

# CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

cont'd

## CASH FLOW MANAGEMENT

CONSOLIDATED CASH FLOW STATEMENT	12 months 2016 RM'000	12 months 2015 RM'000	Increase/ (Decrease) %
Profit from operations	51,194	37,622	36.1
<b>Adjustment for:-</b>			
Net interest expense	223	1,666	(86.6)
Change in fair value of investment in joint venture	-	(34)	-
Gain on disposal of a subsidiary	-	(2,052)	-
Gain on disposal of associate	(936)	-	-
<b>Property, plant and equipment</b>			
Depreciation	26,604	26,526	0.3
(Gain)/loss on disposal	(32,533)	474	(6,963.5)
Write off	412	-	-
Inventory write down/off	1,192	1,506	(20.8)
Retirement benefits provided	39	115	(66.1)
Redundancy expenses	12,436	6,658	86.8
Provision for annual leaves	2,037	2,102	(3.1)
Liability for long-service leave	141	225	(37.3)
Share of profit after tax for associate	(5,102)	(6,096)	(16.3)
Share of profit after tax for joint venture	525	-	-
Amortisation of intangible assets	1,401	9,198	(84.8)
Unrealised foreign exchange loss	(2,195)	926	(337.0)
Changes in working capital	74,213	(9,202)	(906.5)
Outstanding balance of disposal of associate company	(15,267)	-	-
Outstanding balance of disposal of land and building	(60,563)	-	-
Cash generated from operations	53,821	69,634	(22.7)
Interest received	1,945	991	96.3
Employee benefits used	(17,217)	(11,105)	55.0
Income tax paid	(3,390)	(3,710)	(8.6)
Net capital expenditure	(37,630)	(14,612)	157.5
Acquisition of subsidiary	(102,794)	-	-
Proceed from disposal of property, plant and equipment	8,409	443	1,798.2
Proceed from disposal of associate company	10,500	-	-
Proceed from disposal of subsidiary company	-	5,267	(100.0)
Net Investing activities	(5,554)	804	(790.8)
Renounceable Rights Issue	48,248	-	-
Proceed from loan for acquisition of subsidiary	80,748	-	-
Dividend paid	(24,348)	(22,827)	6.7
Net financing activities	(12,649)	5,704	(321.8)
Increase in cash and cash equivalents	89	30,589	(99.7)
Exchange differences on translation of opening balance	644	(12,359)	(105.2)
Cash and cash equivalents at 1 January	71,225	52,995	34.4
Cash and cash equivalents at 31 December	71,958	71,225	1.0

## CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

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The closing cash and cash equivalents amounted to RM72.0 million, marginal increase of RM0.7 million from 2015.

The Group's key significant cash movements during the financial year are as follows:-

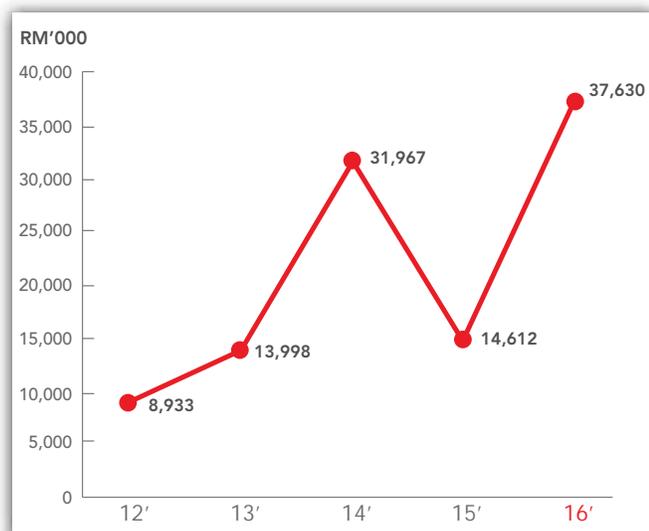
- Cash proceeds from Renounceable Rights Issue of RM 48.2 million;
- Loan obtained for acquisition of subsidiary in Indonesia of RM 80.7m;
- Disposal of Jalan Semangat Land & Building, including other plant and equipment of RM 63.8 million; and
- Sale of Benkert Malaysia for a total consideration of RM25.8 million.

Which was used or mitigated by:-

- Contribution of RM5.0 million as joint venture partner for LCTWP for the acquisition of the Jalan Semangat land & building;
- Setting up of APTF amounting to RM21.1 million for the acquisition of factory land and building and production plant;
- Acquisition of BPJ, Indonesia amounting to RM102.8 million;
- Retrenchment cost in Anzpac amounting to RM12.4 million;
- Balance owing from disposal of land and building amounting to RM60.6 million; and
- Balance from disposal of Benkert Malaysia amounting to approximately RM15.3 million.

Although, RM48.2 million was raised vide the renounceable Rights Issue for various corporate exercises and reduction of working capital borrowings, the Group's borrowing level increased substantially again by the end of 2016 as a result of the funding for the acquisition of BPJ amounting to RM80.7 million vide MEIL.

### CAPITAL EXPENDITURE ("CAPEX")



### PERFORMANCE OF ASSOCIATED AND JOINT VENTURE COMPANIES

#### Benkert (Malaysia) Sdn Bhd ("Benkert")

The principal activity of Benkert is the manufacture of tipping paper for use in the production of tobacco products. The company is part of the Benkert Group based in Germany, a major supplier of these products to multinational tobacco companies globally.

Benkert turnover in 2016 increased to RM114.2 million from RM109.1 million and profit after tax decreased to RM17.0 million from RM20.3 million.

Benkert ceased to be an associated company as a result of the disposal of the Group's remaining shares to Benkert UK Ltd with effect from 31 December 2016.

#### Toyo (Viet) – Dofico Print Packaging Co. Ltd ("TVDP")

The principal activity of TVDP is the provision of printing services for tobacco packaging and packaging services in general. The company, commenced on 1 January 2016 as a 50:50 joint venture with Dong Nai Food Industrial Corporation ("DOFICO"), a major conglomerate in Vietnam with a variety of businesses including the packaging of tobacco products.

TVDP turnover in 2016 was RM16.3 million with a loss after tax of RM1.1 million, which was disappointing as a result of the delay in the transfer of purchase requirements by DOFICO to TVDP due to changes in design and specification requirements.

#### Lum Chang Tien Wah Property Sdn Bhd ("LCTWP")

The principal activity of LCTWP is investment holding. TWProp, a wholly owned subsidiary of TWPH entered into a 50:50 joint venture agreement on 16 May 2016 with a wholly owned subsidiary of Lum Chang Holdings Ltd, Singapore to acquire TWProp's land on Jalan Semangat and to jointly undertake development of a mixed use commercial development.

LCTWP unaudited turnover for the period ended 31 December 2016 was RM0.2 million and loss after tax of RM0.1 million.

With the developments as highlighted by the Chairman, the Group is well poised to sustain its' business well into the longer-term future. However, in the shorter term, Management will need to execute the strategies to ensure a firm foundation for the future of the Group.

On behalf of the management, I would like to take this opportunity to thank all our customers, shareholders, suppliers and employees of the Group for their continual support to TWPH Group. In addition, I wish to convey my personal gratitude to the executive team that have assisted tirelessly in the numerous projects in the year and moving forward.

**LEE CHEE WHYE**  
Chief Executive Officer

# CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS

cont'd



Anzpac Services (Australia) Pty Ltd



Alliance Print Technologies FZE



Alliance Print Technologies Co. Ltd



Toyo (Viet) - Dofico Print Packaging Co. Ltd



## STATE-OF-THE-ART PRINTING TECHNOLOGY

Technology is perpetually evolving and will continue to change the printing industry. Thus, all of our printing facilities are well-equipped and upgraded with cutting edge printing technology to enhance our operations productivity and quality.

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Tien Wah Press Holdings Berhad ("TWPH" or the "Company") is committed to achieve and maintain high standards of corporate governance within TWPH and its subsidiaries (the "Group" or "TWPH Group"). The Board views corporate governance as synonymous with four key concepts: **Transparency, Accountability, Integrity and Corporate Performance**. The Board believes that a high standard of corporate governance will create and deliver long-term sustainable shareholders' value.

The Board is guided by the Principles and Recommendations as promulgated by the Malaysian Code on Corporate Governance 2012 (the "MCCG 2012"), Second Edition of Corporate Governance Guide issued by Bursa Malaysia Berhad and Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia Listing Requirements"), as amended from time to time and any re-enactment thereof.

The Board is pleased to provide the following Corporate Governance Statement ("Statement") which set out how the Group has applied the Principles and Recommendations of the MCCG 2012 and Bursa Malaysia Listing Requirements during the financial year ended 31 December 2016. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance, including the reasons thereof, is included in the following Statement.

### PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

#### Clear functions of the Board and Management

The TWPH Group acknowledges the pivotal role played by the Board in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholders' value. The Board represents and serves the interest of the shareholders. The Group is led by an effective and experienced Board with members from diverse backgrounds and specialisations. To fulfill this role, the Board is responsible for the overall corporate governance of the TWPH Group, including its strategic direction, establishing goals for the Management and monitoring the achievement of these goals.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objectives and day-to-day management of the business of the Group to the Chief Executive Officer ("CEO"). The CEO remains accountable to the Board for the authority that was delegated to him, and for the performance of the Group.

The position of the CEO in essence is to ensure the effective implementation of the Group's business plan, strategies and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation and prudent management of the Company's resources. The Board regularly monitors the decisions and actions of the CEO and the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

#### Clear roles and responsibilities

The roles and functions of the Board, as well as the differing roles of the Executive Directors and Non-Executive Directors, including Board processes are clearly set out in the Board Charter. The Board has assumed the following principal responsibilities in discharging their stewardship responsibilities pursuant to the MCCG 2012:-

- reviewing and adopting a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability;
- monitoring the Company's performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and within a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing the procedures to identify principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- set and review policies and ensure compliance with the Company's principles, values and ethos of the Company;
- succession planning, including appointing, assessing, training, fixing the compensation of and where appropriate, replacing Executive Directors and Senior Management;
- developing and implementing a Corporate Disclosure Policy (including an investor relations programme and shareholder communications policy) for the Group;

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

- reviewing the adequacy and the integrity of the Group's risk management and internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- determining the remuneration of Non-Executive Directors, with the individuals concerned abstaining from discussions of their own remuneration;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial and other reporting;
- ensuring that the Company's financial statements are true and fair and conform with the accounting standards;
- monitoring and reviewing policies and procedures relating to occupational health and safety and compliance with relevant laws and regulations; and
- ensuring that the Company adheres to high standards of ethics and corporate behaviour.

The Board has a formal schedule of matters reserved for decision-making which includes the TWPH Group's overall strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects, consideration of significant financial matters and it reviews the financial and operating performance of the TWPH Group. This schedule ensures that good governance is in place for the TWPH Group.

To ensure the effective discharge of its functions and responsibilities, the Board has established and delegated certain responsibilities to the Board Committees which have been set up that are Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk and Finance Committee ("RFC").

The Board Committees are entrusted with specific responsibilities to oversee the Company's affairs, in accordance with their respective written Terms of References and operating procedures and the Board receives reports of their proceedings and deliberations. The Chairman(s) of the respective Board Committees will report to the Board on the outcome of these meetings and such reports are incorporated into the Board papers. These Board Committees were formed in order to enhance business and operational efficiency as well as efficacy and the Board remains fully responsible for the direction and control of the Company and the TWPH Group.

## **Board Charter**

The Board Charter clearly established to promote high standards of corporate governance and is designed to provide guidance and clarity for the Board and the Management with regard to the roles and responsibilities of the Board, the Chairman, the CEO and the Board Committees. It is a reference and induction literature in providing the Board members and the Management insight into the functions of the Board. Hence, the Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision.

The Board Charter is reviewed regularly by the Board and will be amended as and when required and the latest revision was approved on 23 February 2017.

The Board Charter is accessible through the Company's website at [www.tienwah.com](http://www.tienwah.com).

## **Formalised ethical standards through Code of Ethics**

### ***Code of Ethics and Code of Conduct***

The Board continues to adhere to the Code of Ethics for the Board which intended to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of integrity, honesty and accountability.

A copy of the Code of Ethics is available in the Company's website at [www.tienwah.com](http://www.tienwah.com).

The Group has in place a Code of Conduct for Directors, the Management and employees of the Group to emphasize the Group's commitment to ethics and compliance with applicable laws and regulations, set forth basic standards of ethical behaviour within the Group.

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

The principle of the Code of Conduct is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism. The Code of Conduct is reviewed periodically by the Senior Management and the Board to meet TWPH's needs and to address the changing conditions where it works.

A copy of the Code of Conduct is available in the Company's website at [www.tienwah.com](http://www.tienwah.com).

### **Whistle Blower Policy**

As part of the Company's continuous effort to ensure that good corporate governance practices are being adopted, a Whistle Blower Policy was adopted by the Board based on the recommendation of the AC in year 2013. Any officer/employee or stakeholder of the Group may report genuine concerns relating to any malpractice or improper conduct of the Group's businesses. The Whistle Blower Policy enables employees to make their concerns known without fear of retaliation and with the knowledge that their complaints will be acted upon and their identities are kept confidential.

Managers, officers and employees in supervisory roles shall report directly to the Chairman of the AC on any allegations of suspected improper activities whether received as a protected disclosure or discovered in the course of performing their own duties and such disclosures including those relating to financial reporting, unethical or illegal conduct. Disclosures can be verbal or in writing and forwarded in a sealed envelope, reported by their subordinates in the ordinary course of performing their duties, or discovered in the course of performing their own duties.

The Chairman of the AC shall determine the channel for investigation and follow-up action. In order to ensure independence to the inquiry, the Chairman of the AC shall assign the Head of Internal Auditor as the investigator, unless for reasons of conflict of interest, inadequate competence, or enhancing corporate governance, may form an Investigation Committee. The outcome of the investigations and actions taken by the Company will be reported to the AC and further submitted to the Board for further deliberation and action, if necessary.

During the year, there were no issues deliberated arising from the Whistle Blower Policy.

A summary of the Whistle Blower Policy is available in the Company's website at [www.tienwah.com](http://www.tienwah.com).

### **Insider Dealing Policy**

The Board has adopted an Insider Dealing Policy latest revision as approved on 23 February 2017. TWPH's Directors and employees who possess price sensitive information which is not generally available to the public are not allowed to trade in securities consistent with the Capital Markets and Services Act 2007, which prohibits insider trading.

Notices on the closed period for trading in the Company's shares are sent to Directors and principal officers and the relevant employees on a quarterly basis. During financial year ended 31 December 2016, none of the Directors dealt in securities of the Company during the closed period.

### **Strategies promoting sustainability**

Good governance at all levels is essential for sustained development. The Board has adopted a Sustainability Policy for the Group latest revision approved on 23 February 2017. The Group recognises the importance of sustainability and its increasing relevance to the Group's business. The Group is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the environment, social and governance considerations, the requirements of shareholders and stakeholders as well as economic success.

Details of the sustainability activities for the year under review are set out on in the Corporate Social Responsibility section of this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## Access to information and advice

The Chairman ensures that all Directors have full and timely access to all information with regard to Board papers distributed in advance of meetings.

Prior to each meeting of the Board or a Board Committee, Board or Board Committee papers, as the case may be, which include the agenda, minutes of the previous meeting and reports relevant to the issues of the meeting covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the Board or Board Committee members with at least 7 days prior to the meeting. The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Malaysia Securities Berhad ("Bursa Securities"). At Board meetings, the Management is often invited to present and provide detailed explanation on any agenda.

The Directors have unrestricted access to all information pertaining to the Group's business and affairs to enable them to carry out their duties effectively and diligently. The AC and RFC play a pivotal role in channeling pertinent operational and assurance related issues to the Board. There are procedures sanctioned by the Board, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the TWPB Group's expense.

Detailed periodic briefings on the industry outlook, the Company's performance and forward previews are also conducted for the Directors to ensure that the Board is well informed of the latest market and industry trends. The Board had discussed various matters at length and provided guidance, including requesting for specific actions to be considered and executed.

## Qualified and competent Company Secretaries

The Company Secretaries ensure the flow of information to the Board and its Board Committees. They ensure that Board procedures are complied with and advise the Board on governance matters.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence with board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are taken and maintained accordingly in the statutory register at the registered office of the Company. In certain instances, the Board may clarify Bursa Malaysia Listing Requirements with the Company Secretaries and they are actively involved to advise the Board, when appropriate.

The removal of Company Secretaries, if any, is a matter for the Board as a whole to decide. Every Director has also unhindered access to the advice and services of the Company Secretaries.

## PRINCIPLE 2 - STRENGTHEN COMPOSITION OF THE BOARD

The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse backgrounds. The Board consists of seven (7) members, of whom three (3) are non-executive and independent. The Board composition complies with the Bursa Malaysia Listing Requirements which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, to be Independent Directors. There is no individual Director or group of Directors who dominates the Board's decision-making. The Board is satisfied that the current Board composition, which has been established after taking into consideration the mix of skills, caliber, competence, character and experience required to effectively steer the Group's directions, fairly reflects the interests of the minority shareholders in the Company and provides the appropriate balance and size to govern the Company effectively.

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision-making process.

A brief profile of each Director is set out in the Profile of Directors of this Annual Report. Mr Lee Cheow Fui has been identified as the Senior Independent Non-Executive Director on 23 February 2017.

### Nomination Committee

The Nomination Committee ("NC") shall comprise exclusively of Non-Executive Directors, a majority of whom are independent and number at least three (3) in total. The NC is empowered by the Board and its Terms of Reference to bring to the Board recommendations as to the appointment of new Directors, CEO and the Senior Management.

The NC also keeps under review of the Board's structure, its size and composition, as well as the succession planning. The NC further assesses the effectiveness of the Board, the Board Committees, the CEO and the contribution of each individual Director on an annual basis.

The NC accepts nominations from shareholders and Directors and assesses the nominated candidates and makes the necessary recommendations to the Board. The Board as a whole is responsible for the appointment of the new Directors after taking into consideration the recommendations of the NC.

The NC meets as and when required, and at least once a year. The NC comprises of the following members and met once during the financial year and the meeting attendance was as follows:-

		No. of Meetings Attended
Lee Cheow Fui	<i>Chairman, Senior Independent Non-Executive Director</i>	3/3
Mej. Jen. Datuk Abdul Kadir bin Nordin (Bersara)	<i>Independent Non-Executive Director</i>	2/3
Datuk Toh Ah Wah	<i>Independent Non-Executive Director</i>	3/3

The Chairman of the NC is also the Senior Independent Non-Executive Director appointed by the Board. In addition, all members of the Board are available and issues are openly discussed in Board meetings.

The Board has adopted a Diversity Policy on 10 August 2015 to set out the approach to diversity on the Board and workforce of TWPH Group. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, age, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, in the context of the skills and experience the Board as a whole requires in order for the Board to be effective. The ages of the Directors ranged from 50 up to 75.

The Board as a policy will select candidates as a Director who will best serve the Company regardless of gender and thus do not consider it necessary to set any target nor undertake any specific measures to recruit women candidates or any particular ethnicity specifically. The NC will consider female candidates as new Directors of the Company as and when the opportunity arises. The Board is open minded on gender diversity and has a female Director on Board.

The Board, with the assistance of the NC and working with the CEO and Human Resources department, oversees executive officer development and corporate succession plans for the CEO and other executive officers to provide for continuity in senior management.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

## Develop, maintain and review criteria for recruitment processes and annual assessment of Directors

### **Appointment process**

The Board, through the NC's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies for the Board to discharge its duties effectively. All Directors are expected to be individuals with integrity, high personal and professional ethics, sound business judgment, and the ability and willingness to commit sufficient time to the Board.

The Board appoints its members through a formal and transparent selection process. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that regulatory obligations are met.

The NC is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The NC shall assess and consider the skills, knowledge, expertise and experience, professionalism, commitment (including time commitment) to effectively discharge his/her roles as a Director as well as contribution and performance, background, character, integrity and competence of a candidate and Board diversity including gender, ethnicity and age when making the recommendations to the Board.

In the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

The NC also makes recommendations to the Board for the appointment of the Chairman, CEO and Senior Management, including an assessment of the time commitment expected and recognising the need for availability in the event of crises.

During the financial year under review, the NC had assessed and recommended to the Board on Board vacancies.

### **Re-election of Directors**

The Articles of Association of the Company provides that all Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. Any new Director appointed by the Board during the year is required to stand for election at the Twenty-Second ("22<sup>nd</sup>") Annual General Meeting ("AGM"). The Directors to retire in each year are the Directors who have been longest in office since their last election. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meeting attendance and the shareholdings in TWPH Group of each Director standing for re-election are furnished in the Profile on Board of Directors contained in the Annual Report.

Pursuant to the Articles of Association of the Company, Angela Heng Chor Kiang, Lee Cheow Fui and Lee Chee Whye will retire at the 22<sup>nd</sup> AGM and be eligible for re-election. However, Lee Cheow Fui has expressed his intention not to seek for re-election at the forthcoming AGM. Hence, he will retire at the conclusion of the 22<sup>nd</sup> AGM.

At the Twenty-First AGM of the Company held on 18 May 2016, Mej. Jen. Datuk Abdul Kadir bin Nordin (Bersara), who is above the age of 70, was re-appointed pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the 22<sup>nd</sup> AGM. His term of office will end at the conclusion of the 22<sup>nd</sup> AGM. However, he has expressed his intention not to seek for re-appointment at the 22<sup>nd</sup> AGM of the Company. Hence, he will retire at the conclusion of the 22<sup>nd</sup> AGM.

The NC and the Board nominated Angela Heng Chor Kiang and Lee Chee Whye for re-election at the 22<sup>nd</sup> AGM.

### **Board Evaluation**

The Board regularly evaluates its performance and the governance processes that support the Board's works with the aim of improving individual contributions, effectiveness of the Board and the Board Committees and TWPH's performance.

## CORPORATE GOVERNANCE STATEMENT

cont'd

The NC uses the criteria and procedures set out in the Directors' Assessment Policy in assessing the performance of the Directors and CEO of TWPH. The NC specifically considers the following key areas in its assessment of the Directors performance:-

- Strategic input;
- Ethical and Value-Driven;
- Competence and Capability;
- Time Commitment;
- For Independent Directors, two additional considerations:-
  - Independence; and
  - Tenure not exceeding 9 years.

A summary of key activities undertaken by the NC in the discharge of its duties for the financial year ended 31 December 2016 is set out below:-

- a) Reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- b) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking for re-appointment and re-election at the 22<sup>nd</sup> AGM;
- c) Reviewed the appointment and succession planning for the Board members and the Senior Management;
- d) Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- e) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- f) Assessed and recommend to the Board the renewal of the employment contract of the CEO;
- g) Reviewed and recommended to the Board the re-designation of the position of a Director of the Company;
- h) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes;
- i) Reviewed and assessed the term of office and performance of the AC and each of its members; and
- j) Reviewed and revised the Terms of Reference in the light of new amendments to the Bursa Malaysia Listing Requirements affecting the NC, for recommendation to the Board for its approval.

The NC, through the annual appraisal, was of the view that all the Directors, the CEO and the Senior Management have the necessary character, experience, integrity, competence and sufficient time to discharge their respective roles effectively during the financial year ended 31 December 2016.

A summary of the NC Terms of Reference is available on the Company's website at [www.tienwah.com](http://www.tienwah.com).

### Remuneration Committee

#### *Remuneration policies and procedures*

The Remuneration Committee ("RC") consists wholly or mainly of Non-Executive Directors and number at least three (3) in total. The RC is responsible for recommending the remuneration framework for non-executive Directors as well as the remuneration packages of Executive Directors, CEO and the Senior Management to attract, retain and motivate Directors and the Senior Management based on the criteria set out in the Directors' Remuneration Policy. None of the Executive Directors may participate in any way in determining their individual remuneration.

The RC meets as and when required, and at least once a year. The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. The RC comprising the following members have met thrice during the financial year under review and the meeting attendance was as follows:-

		No. of Meetings Attended
Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara)	<i>Chairman, Independent Non-Executive Director</i>	3/3
Angela Heng Chor Kiang	<i>Non-Independent Non-Executive Director</i>	3/3
Lee Cheow Fui	<i>Senior Independent Non-Executive Director</i>	3/3

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

The Board as a whole determines the remuneration of Non-Executive Directors with each individual Director abstaining from any decision in respect of his/her own remuneration. In determining an appropriate level of fees for each Non-Executive Director, the Board considers the responsibility and time commitments of the Director concerned, apart from the number of Board meetings and special meetings attended as well as the membership and chairmanship of Board Committees. Such remuneration (in the form of Directors' fees and benefits payable to the Directors) is subject to shareholders' approval at the AGM.

During the financial year ended 31 December 2016, the RC deliberated on matters such as guidelines on increment and industry standards, remuneration for expatriates, compensation for Directors, bonus payments and special incentive scheme for the Senior Management.

### Directors' Remuneration

The RC has established a Directors' Remuneration Policy in order to ensure TWPH Group provides remuneration packages which will attract, retain and motivate Directors of the quality required to oversee the management of the TWPH Group.

Information gathered based on remuneration within the industry and in comparable companies are taken into consideration in determining the remuneration packages. The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contributions and responsibilities of the Directors. The RC is authorised by the Board to seek appropriate professional advice within and outside the TWPH Group as and when it considers necessary.

### Details of the Directors' Remuneration

Further details of Directors' remuneration are set out below and in Note 20 to the financial statements.

Other than the remuneration from the Company, the Directors do not receive any remuneration from any of the subsidiaries within the Group. The aggregate remuneration of the Directors for the financial year ended 31 December 2016 is categorised as follows:-

#### The Group and Company

	Salaries RM	Fees and Allowances RM	Benefits-in- kind RM	Provision for ex-gratia RM	Others	Total RM
Executive Director	656,536	8,450	10,811	-	62,791	738,588
Non-Executive Directors	-	341,800	-	4,583	-	346,383
Total	656,536	350,250	10,811	4,583	62,791	1,084,971

Breakdown of Directors' remuneration for the financial year ended 31 December 2016, by category and in each successive band of RM50,000 is as follows:-

Range of Remuneration (RM)	No. of Directors	
	Executive Directors	Non-Executive Directors
50,000 and below	-	-
50,001 – 100,000	-	4
100,001 – 150,000	-	-
200,001 – 250,000	-	-
250,000 and above	2	-
Total	2	4

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

Remuneration of each individual Director is not disclosed, as such information is considered highly sensitive and confidential in nature and will not add significantly to the understanding and evaluation of the Company's governance.

A summary of the RC Terms of Reference is available on the Company's website at [www.tienwah.com](http://www.tienwah.com).

## PRINCIPLE 3 - REINFORCE INDEPENDENCE

### Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Directors bring their respective knowledge and experience to the Board. The Independent Directors provide unbiased views and impartiality to the Board's deliberations and decision-making process.

The Independent Directors namely, Datuk Toh Ah Wah, Mr Lee Cheow Fui and Mej. Jen. Datuk Abdul Kadir bin Nordin fulfilled the criteria of "Independence" as prescribed under the Bursa Malaysia Listing Requirements. The key criteria for the appointment of an Independent Director is one who is not a member of the management (a non-executive Director) and who is free of any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. No individual or small group of individuals dominates the Board's decision-making process.

Mr Lee Cheow Fui has been identified as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by shareholders and other stakeholders.

### Tenure of Independent Directors

In line with the MCCG 2012, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. In exceptional cases and subject to assessment by the NC, the Board may recommend and provide justifications for an Independent Director who has served a consecutive or cumulative term of nine years to remain as an Independent Director, subject to the shareholders' approval.

Datuk Toh Ah Wah and Mr Lee Cheow Fui were both appointed as Independent Directors in year 2013. Mej. Jen. Datuk Abdul Kadir bin Nordin was appointed as Non-Independent Director in year 1999 and he was re-designated as Independent Director on 1 July 2016.

### Separation of Positions of the Chairman and CEO

The Board recognises the importance of having a clearly accepted division of power and responsibilities. It is the policy of the Board to keep the roles of the Chairman and the CEO separate. There is a clear division of responsibilities to ensure a balance of authority and power. The Chairman is responsible for leading the Board in the oversight of the management and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The CEO is responsible for implementing the Board's policies and decisions as well as developing, coordinating and implementing business and corporate strategies apart from its day-to-day management of the business.

### Board Composition and Balance

The Board's composition consists of seven (7) members; comprising two (2) Executive Directors including the Executive Chairman and the CEO, two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. A brief profile of each Director is presented in the Profile of Directors contained in this Annual Report.

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

The Board recognises the need for the composition to reflect a range of skill mix, expertise and diversity in respect of the age, gender and ethnicity. High level of professional skills and appropriate personal qualities are pre-requisite for directorships. The qualifications for Board membership are the ability to make informed business decisions and recommendations, as entrepreneurial talent for contributing to the creation of shareholder value, relevant experience, the ability to appreciate the wider picture, ability to ask probing operational related questions, high ethical standards, sound practical sense, and total commitment to furthering the interests of shareholders and the achievement of the Company's goals.

The Board maintains a strong record on Board diversity in a wide range of backgrounds and nationalities represented among the Board members. In terms of gender diversity, the Board currently comprises of 14% women representation. With regard to ethnicity diversity, the Board currently comprises of 14% Bumiputra, 29% Chinese and 57% Foreigners. The breakdown of the Board composition in terms of age is as follows:-

Age Range	Composition (%)
41 – 50	14.30
51 – 60	57.10
61 – 70	14.30
71 – 80	14.30

The Directors, with their different backgrounds and specialisations, collectively bring with them not only the industry knowledge but also a wide range of experience and expertise in areas such as finance, corporate affairs, marketing, tobacco industry, and manufacturing. The Independent Non-Executive Directors apply objective and independent judgment to the decision-making process of the Board and provide the check and balance. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Executive Chairman together with the CEO have intimate knowledge of the business and are responsible for the day-to-day management of the Group. The Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

The Board will be led by the Executive Chairman. Mr Yen Wen Hwa whom is also a major shareholder of the Company. Though the Board does not comprise majority of Independent Directors where the Chairman is not an Independent Director as recommended by the MCCG 2012, the existing Independent Directors who are professionals of high caliber and credibility, are able to exercise independent judgment thus ensuring balance of power and authority whilst taking cognizance of the interests of minority shareholders and other stakeholders.

The Board is satisfied that the current Board composition fairly reflects the interests of minority shareholders in the Company.

### PRINCIPLE 4 - FOSTER COMMITMENT

#### Time Commitment

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year ended 31 December 2016, the Board met on nine (9) occasions, where it deliberated upon and considered a variety of matters including the TWP Group's financial results, major investments/divestment, strategic decisions, the business plan and direction of the TWP Group and corporate governance matters.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings at the Board meetings are minuted and signed by the Chairman of the meeting. Representative of the Senior Management and external advisors are invited to attend the Board meetings to advice on relevant agenda items to enable the Board to arrive at a considered decision.

## CORPORATE GOVERNANCE STATEMENT

cont'd

Procedures are in place for Directors to seek independent professional advice at the Company's expense and have access to the Company Secretary in order to fulfill their duties and specific responsibilities as enumerated in the Board Charter.

The Board is supported by professionally qualified and competent Company Secretaries, who are responsible for ensuring that the Board meeting procedures, applicable rules and regulations are adhered to. The Company Secretary attended every Board and Board Committee meetings during the financial year under review and also kept the Board and Board Committees abreast of all relevant regulatory updates on laws and requirements, where applicable.

The Board members are required to notify the Board's Chairman prior to their acceptance of new directorships in other companies.

Details of each Director's attendance at the Board meetings held during the financial year under review are as follows:-

		No. of Meetings Attended
Yen Wen Hwa @ Ngan Tzee Manh	Chairman, Executive Director	9/9
Angela Heng Chor Kiang	Non-Independent Non-Executive Director	9/9
Lee Chee Whye (Appointed as Executive Director on 1 September 2016)	Executive Director and CEO	3/3
Mej. Jen. Datuk Abdul Kadir bin Nordin (Bersara) (Re-designated as Independent Non- Executive Director on 1 July 2016)	Independent Non-Executive Director	9/9
Datuk Toh Ah Wah	Independent Non-Executive Director	7/9
Lee Cheow Fui	Senior Independent Non-Executive Director	9/9
David Lim Teck Leong	Non-Independent Non-Executive Director	7/9

### Directors' Training

The Board through the NC ensures that it recruits to the Board only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a Director appropriately. Induction programme was arranged for newly appointed Directors to facilitate their understanding of the operations of the TWPH Group as well as the products and services offered by the TWPH Group. All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) pursuant to the requirement by Bursa Securities. Given the varying training needs of each Director, all the Directors have continuously undergone training programmes to enhance their skills and knowledge at their discretion and collective training is arranged if deemed necessary by either the NC or the Board.

The Directors are mindful that they continue to update their skills and knowledge to maximize their effectiveness as Directors during their tenure. Throughout their period in office, the Directors are continually updated on TWPH's business and the regulatory and industry environment.

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

During the financial year ended 31 December 2016, the trainings or conferences/seminars attended by the Directors in areas of Corporate Governance, Finance and regulatory development, are as follows:-

Training Programme/Conference Seminar	
Yen Wen Hwa @ Ngan Tzee Manh	<ol style="list-style-type: none"> <li>1. Boardroom Smart Business Solutions – Updates on Companies Bill 2015</li> <li>2. KPMG – MFRS Updates</li> </ol>
Angela Heng Chor Kiang	<ol style="list-style-type: none"> <li>1. Boardroom Smart Business Solutions – Updates on Companies Bill 2015</li> <li>2. KPMG – MFRS Updates</li> </ol>
Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara)	<ol style="list-style-type: none"> <li>1. Boardroom Smart Business Solutions – Updates on Companies Bill 2015</li> <li>2. KPMG – MFRS Updates</li> </ol>
Datuk Toh Ah Wah	<ol style="list-style-type: none"> <li>1. Bursatra Sdn Bhd – Embracing the Board’s Role in Corporate Transformation for Sustainable Results</li> </ol>
Lee Cheow Fui	<ol style="list-style-type: none"> <li>1. Bursatra Sdn Bhd – Amendments to BURSA Listing Requirements - With latest cases on directors’ Duties</li> </ol>
David Lim Teck Leong	<ol style="list-style-type: none"> <li>1. Boardroom Smart Business Solutions – Updates on Companies Bill 2015</li> <li>2. KPMG – MFRS Updates</li> </ol>

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board’s reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group’s financial statements during the year.

### PRINCIPLE 5 - UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### Compliance with applicable financial reporting standards

##### *Financial Reporting*

The Board strives to provide and present a balanced and meaningful assessment of the TWPH Group’s financial performance and prospects for every financial year, primarily through the annual financial statements, quarterly announcements of results to shareholders, as well as the Chairman’s Review Statement and Business Operations Review, Management Discussion & Analysis in the Annual Report. The Board is assisted by the AC to oversee the TWPH Group’s financial reporting processes and the quality of its financial reporting. The AC reviews and discusses various financial matters, including quarterly reports, assessment of allowances, working capital management and relevant Accounting Standards that affects the Group. In addition, the AC engages with the External Auditors regularly on the aforesaid matters in the presence of the Management and also without the presence of Management to ensure that the External Auditors are able to express themselves freely. Timely release of the quarterly results reflects the Board’s commitment to provide transparent and up to date disclosure of the performance of the Group.

##### *Directors’ responsibility statement in respect of the preparation of the Audited Financial Statements*

The Board is responsible for ensuring that the financial statements of the TWPH Group give a true and fair view of the state of affairs of the TWPH Group and of the Company as at the end of the accounting period and of their profit or loss and cash flow for the period then ended. In preparing the financial statements, the Directors have ensured that accounting standards approved by the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia have been complied with and reasonable and prudent judgments and estimates have been made.

## CORPORATE GOVERNANCE STATEMENT

*cont'd*

In preparing the financial statements, the Directors have selected and consistently applied suitable accounting policies and made reasonable and prudent judgments and estimates. The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the TWPH Group and to prevent and detect fraud and other irregularities. The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

### **Related Party Transactions**

An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Bursa Malaysia Listing Requirements. The Board, through its AC, reviews all material related party transactions involved. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting and at any general meeting convened to consider such matters.

There are procedures and guidelines established to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms consistent with the TWPH Group's usual business practices and policies, which are generally not more favourable than those generally available to third parties or the public and are not to the detriment of the minority shareholders.

The internal framework pertaining to the governance of related party transactions is summarised as follows:-

- (i) A list of the related parties is circulated within the TWPH Group and all Directors and Management are notified that all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms and not more favourable than those generally available to third parties or the public and are not to the detriment of the minority shareholders;
- (ii) Where the new related party transactions is equal to or below RM100,000, it will be reviewed and approved by the the CEO and where the value is above RM100,000, it will be reviewed by the CEO and approved by the AC before they are entered into to ensure that the terms are not more favourable than those generally available to the public;
- (iii) The AC, through the Internal Audit will review all aspects of the recurrent related party transactions entered into to ensure that the relevant approvals have been obtained and the transactions are conducted at arm's length basis;
- (iv) All related party transactions which are entered into will be recorded by the Company in a register maintained by the Company; and
- (v) The AC updates the Board on a quarterly basis on all related party transactions and the Internal Audit Department is directed to look into any discrepancies or queries raised.

Further details of these transactions are set out in the Circular to Shareholders dated 26 April 2017 with regard to the Recurrent Related Party Transactions.

### **Assessment of sustainability and independence of External Auditors**

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the External Auditors in seeking professional advice and ensuring compliance with the applicable rules, regulations and laws. Key features underlying the relationship of the AC with the internal audit function and External Auditors are detailed in the AC Report of the Annual Report. A summary of the activities of the AC during the year are also set out therein.

# CORPORATE GOVERNANCE STATEMENT

*cont'd*

TWPH has in place the policies covering the provision of non-audit services, which are designed to ensure that such services do not impair the External Auditors' independence or objectivity. The External Auditors provide mainly audit-related services to TWPH and a breakdown of the fees to the External Auditors are set out in the notes to the accounts on page 125.

The Board upholds the integrity of financial reporting by the Company and as such, the External Auditors have confirmed to the Board their independence in providing both audit and non-audit services.

The AC works closely with the audit partner assigned by KPMG PLT to the Company, to act as the key representative for overseeing the relationship of the Company with the External Auditors. In compliance with the Malaysian Institute of Accountants, KPMG PLT rotates its audit partners every five (5) years to ensure objectivity, independence and integrity of the audit opinions.

The External Auditors attended all the four (4) AC meetings held in the financial year ended 31 December 2016.

The AC and the Board are of the opinion that the current External Auditors are suitable and have the necessary experience and independence to continue acting in the best interest of the Company.

## PRINCIPLE 6 - RECOGNISE AND MANAGE RISKS

### Sound framework to manage risks

The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework.

The Company has in place an on-going process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through the RFC reviews the key risks identified on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment. The Board has also established an independent internal audit function that reports directly to the AC, details as set out in AC Report.

### Risk and Finance Committee

The Risk and Finance Committee ("RFC") consists majority of Non-Executive Directors and number at least three (3) in total. The RFC is responsible for the review and assessment of the performance of business units, its business plans, proposal on major acquisition or disposal, capital expenditure, substantial investment/projects/divestments and to ensure that they are aligned with the Group's strategic business objectives and Risk Management Policy as well as to communicate risk issues and strategies to all relevant employees across the Group and update the risk profiles of the Group.

The RFC meets as and when required, and at least four times a year. The RFC comprising the following members met four times during the financial year and the meeting attendance are as follows:-

		No. of Meetings Attended
Datuk Toh Ah Wah	<i>Chairman, Independent Non-Executive Director</i>	4/4
Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara)	<i>Independent Non-Executive Director</i>	4/4
Lee Cheow Fui	<i>Senior Independent Non-Executive Director</i>	4/4

The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control of the Company of this Annual Report.

# CORPORATE GOVERNANCE STATEMENT

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## Internal audit function

The Board has established an internal audit function within the Company, which is led by both the in-house Internal Audit Department and Boardroom Business Solutions Sdn Bhd (co-sourced internal audit from 21 September 2015) ("Internal Audit Department") who reports directly to the AC. The Internal Audit Department prepares and recommends to the AC, its internal audit plans for 3 years and updates for the current year for approval and reports to the AC its internal audit findings, which are escalated to the Board and deliberated, if necessary.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control together with AC Report of this Annual Report.

## PRINCIPLE 7 - ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### Corporate Disclosure policy

#### Information Disclosure

The Board has in place a policy to ensure disclosure of information is in accordance with the disclosure requirements under the Bursa Malaysia Listing Requirements and other applicable laws.

### Leverage on information technology for effective dissemination of information

#### Investor Relations

The Investor Relations Policy was reviewed and revised by the Board regularly and is designed to be both proactive and interactive and is driven by the following principles:-

- To report its financial results and material developments to Bursa Securities, its' shareholders and other stakeholders;
- Communicate only through its designated spokespersons;
- Use its website as an additional primary communication channel;
- Address reports and rumours (as queried by Bursa Securities) so as to avoid unnecessary speculations in its securities;
- Reasonable access to analysts and the media to help them have informed opinions of the Company, but will not seek to influence those opinions; and
- Endeavour to meet with its major shareholders at least once in each fiscal year as part of its on-going programme to inform and obtain feedback on the Company.

While the Company endeavours to provide as much information as possible to its' shareholders and stakeholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Company takes into account the prevailing legislative restrictions and requirements as well as the investors' needs for timely release of price sensitive information such as financial performance results and statements, material acquisitions, significant corporate proposals as well as other significant corporate events when releasing such information.

The Company's Investors Relations Policy also sets out in detail the methodology of clearing and approving material issues in compliance with Bursa Malaysia Listing Requirements for announcement as well as processes to safeguard confidentiality and the prevention of leakages of price sensitive information.

Shareholders and other interested parties may contact Mr Lam Hoi Khong, Group Finance Director to address any concerns by writing or via telephone or facsimile as follows:-

Tel : +60 (3) 7956 3866  
 Fax : +60 (3) 7956 1228  
 Email : hoikhong.lam@newtoyo.com  
 Postal Address : No. 9 Jalan Semangat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

# CORPORATE GOVERNANCE STATEMENT

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## PRINCIPLE 8 - STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### Encourage shareholder participation at general meetings

The AGM is the principal forum for dialogue with shareholders. It has also been the Company's practice to send the Notice of the AGM and related papers to shareholders at least twenty-one (21) clear days before the meeting. The date, venue and time of these meetings are determined to provide the maximum opportunity for as many shareholders as possible to attend either in person, by corporate representative or by proxy. The Board will respond to shareholders' questions during the meeting.

Effective 1st July 2016, Paragraph 8.29A of the Bursa Malaysia Listing Requirements provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. Also, at least one (1) scrutineer will be appointed to validate the votes cast at the General Meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.

### Effective Communication and Proactive Engagement

The Company recognises the importance of communicating with its shareholders and does this through Annual Reports, AGMs and the Company's website. The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Company's performance and position as possible.

During the AGM, the CEO also provides shareholders with a brief review of the Group's financial results and operations for the financial year and overview of the current year performance.

The key element of the Company's dialogue with its shareholders at the AGM is the opportunity to gather views of, and answer questions from, both private and institutional shareholders on all issues relevant to the Company. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the TWPH Group's operations in general. Additionally, a press conference is held immediately after the AGM where the CEO advice the press of the resolutions passed, and answers questions on the TWPH Group's performance, if requested.

The Company's website, [www.tienwah.com](http://www.tienwah.com), provides an avenue for information, such as dedicated sections on corporate information, including financial information, announcements and press releases. The website is continuously updated to ensure that the information contained within is current.

## ADDITIONAL INFORMATION

The information set out below is disclosed in compliance with the Bursa Malaysia Listing Requirements:-

### Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business), material loans and material shareholdings in the listed issuer or related corporations entered into by the Group which involves Directors' and/or major shareholders' interest during the financial year ended 31 December 2016.

This Statement is approved by the Board of Directors duly passed on 23 February 2017.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Listing Requirements, the Board is pleased to present the following Statement on Risk Management and Internal Control (the "Statement") for the financial year ended 31 December 2016, which takes into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") under Principle 6 also states that the Board should establish a sound risk management framework and internal control systems.

## BOARD'S RESPONSIBILITY

The Board acknowledges it is overall responsible for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of internal control system to manage these risks in accordance with the best practices of the MCCG 2012.

The Board establishes a sound framework to monitor the effectiveness and integrity of the system of risk management and internal control, which amongst others include the following:-

- Affirms they are responsible for the adequacy and effectiveness of the Group's risk management and internal control system;
- Establishes an appropriate control environment and framework and provides reasonable assurance that key risks are managed within the Group's defined risk appetite and tolerance;
- Establishes an independent Internal Audit Function reporting directly to the Audit Committee to audit the Group's internal controls and report on its compliance and proposed improvements;
- Establishes an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulatory guidelines;
- Maintains a sound risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as other stakeholders' interests;
- Implements the Board's policies and procedures on the system of risk management and internal controls with the assistance of Management in respect of:-
  - Implementing the process for identifying, evaluating, monitoring, and reporting of risks and internal control;
  - Designing, implementing and monitoring the risk management framework in line with Group's business objectives and risk appetite;
  - Identifying changes to risks and taking appropriate actions to mitigate and control these risks; and
  - Providing assurance to the Board that the risk management and internal control system of the Group is operating adequately and effectively, in all material aspects.
- Provide reasonable and not absolute assurance against material misstatement, losses or fraud.

## ENTERPRISE RISK MANAGEMENT

The Group's risk management is firmly embedded in the Group's management system and operates under an effective Enterprise Risk Management ("ERM") framework to manage the diverse risks faced by the Group in accordance with the Company's strategic vision and overall risk appetite.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

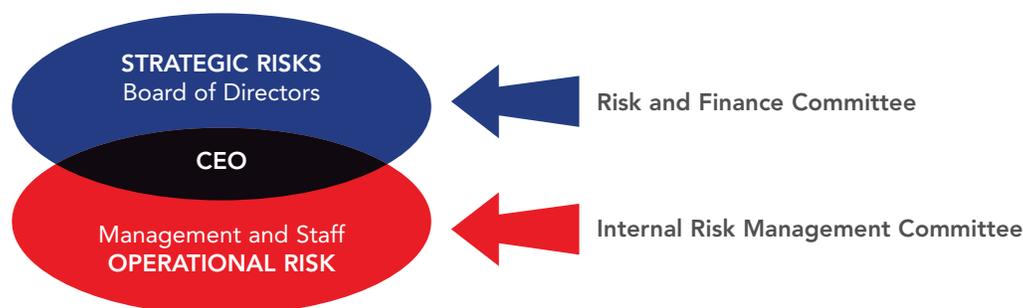
The Risk and Finance Committee ("RFC"), comprising of Directors and Senior Managers, was set up by the Board to proactively manage the risks of the Group. It meets formally at least four times a year to review the updated Risk Register and/or report on new high and moderate risks and assess the status of the risk mitigation action plans. RFC reviews and monitors the effectiveness of the Risk Management Framework of the Group regularly and reports to the Audit Committee ("AC") of its assessment.

### ERM CORE ELEMENTS

ERM requires a holistic approach which is integrated, future focused and process orientated to manage all key business risks and opportunities to maximise shareholder value after taking into consideration of all affected stakeholders. The core element of ERM involves:-

- Identification of business risks;
- Measurement of the identified business risks;
- Control and management of risks in line with the Group's policies and strategies; and
- Constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and optimise opportunities.

### RISK MANAGEMENT ACCOUNTABILITY



Under the Group's ERM framework, the Group has relevant policies and guidelines on risk reporting and disclosure which cover the following principal risks:-

#### i) Strategic risks

The strategic risks are primarily caused by external events, which may not be predictable or monitored through operational procedures but may have a significant impact on the Group's strategic decisions and activities. The accountability of managing strategic risks rests with the Board, Executive Chairman and the CEO. The custody of this critical function is carried out by the RFC, which also monitors the key operational risks affecting the Group and reports to the Board on a regular basis.

#### ii) Operational risks

The operational risks are inherent within the on-going activities within each operating unit and are managed by the Senior Management, General Managers, Heads of Department and staff. The CEO, as Chairman of the Internal Risk Management Committee ("IRMC") oversees and monitors the Group and operating units' risks from strategic operating risks to daily operational risks.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

The management of the Group's daily operational risk (such as health and safety, key customer reliance, operation, quality issues, competitive pricing and cost management) are guided by standard operating procedures or practices. The operational risks that cut across the organisation (such as environmental sustainability, transfer pricing and corporate reputation) are regularly managed.

### ERM PROCESS

The Group's ERM process basically encompasses five phases continually, namely:



The identified business risks are then evaluated based on the risk matrix below:-

#### RISK MATRIX

Likelihood of Occurrence	Almost Certain	M	MH	MH	H	H	H
	Very Likely	L	M	MH	H	H	H
	Likely	L	M	M	MH	H	H
	Moderate	L	L	M	M	MH	H
	Unlikely	L	L	L	M	M	MH
	Rare	L	L	L	L	M	MH
		Insignificant	Minor	Moderate	Moderate High	Major	Catastrophic
		Magnitude Impact					

#### KEY

L = Low	M = Moderate	MH = Moderate High	H = High
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The outcome from the on-going identification and mapping of the business risk is the Risk Register which records the risks identified, action plans and net risk rating. The risks are identified and deliberated at the respective operating units. For the risks identified, the operating units will also propose actions plans to remedy or mitigate any significant failings or weaknesses. The updated Risk Registers are then reviewed by the Group's Head Office risk team and the CEO. It is then moderated across the Group or clarified to ensure that the risk assessment in terms of impact and likelihood are reasonable and appropriate mitigating actions are taken. Key risks are elevated to the RFC, who reports to the Board.

The ERM process has not been applied to Benkert (Malaysia) Sdn Bhd an associate company, which has since been disposed on 31 December 2016, PT. Bintang Pesona Jagat, a newly acquired subsidiary and Lum Chang Tien Wah Property Sdn Bhd, a newly joint venture company.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## INTERNAL CONTROL

- The Group's corporate culture is inculcated through continuous improvement, conduct of business in a healthy and safe environment, law compliance, cultivating a culture of achievements and new businesses. This is done in order to achieve the Group's vision, support the business objectives, risk management and internal control system.
- The Group's Code of Conduct and Ethics provides guidance on moral and ethical behaviour that is expected from all employees to comply with laws, policies, standards and procedures.
- There is a clearly defined organisation structure which covers delegation of authority and responsibility of the management and reporting mechanism within the Group.
- There are proper guidelines established within the Group for recruitment and termination, formal training programme and annual performance appraisals for staff to enhance the level of staff competency in carrying out their duties and responsibilities.
- There is a process of hierarchical reporting which provides a documented and auditable trail of accountability, which includes the establishment of limits of authority under the Discretionary Authority Limit, which was amended and approved by the Board on 8 November 2016 coupled with the publication of Group Policies, Executive Handbook, Employees Conditions of Employment Agreement and Health, Safety and Environment Handbook.
- There are annual business plans and budgets prepared by the major business units and approved by the Board. The performance of the business unit is assessed against the approved budgets on a quarterly basis. Explanations are provided for significant variances and remedial actions, if required. An updated annual forecast will be prepared and presented to the Board in order to give the Board a more realistic measure of where our business is heading and whether the annual budget will be achieved.
- The performance of the Group is monitored by the Senior Management through the management reports on a monthly basis and regular discussions.
- There are processes to ensure the effectiveness of the Group's daily operations in accordance with the corporate objectives, strategies and business directions.
- There are updates and discussions on general information technology controls in relation to the Enterprise Resource Planning ("ERP") software. This is a business - management software with integrated applications as explained below under Communication Process.

## COMMUNICATION PROCESS

- Management receives timely, relevant and reliable monthly management and financial reports which are reviewed on a regular basis.
- The Group developed the ERP software that captures, complies, analyse and reports appropriate data, which enables management to make business decision in accurate and timely manner.
- A Whistle Blower Policy is established to provide clear communication and reporting line of concerns for employees at all levels in a transparent and confidential manner.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

### MONITORING

- There is review of monthly financial and manufacturing operational performance of business units including key performance indicators, productivity, efficiency and effectiveness. This includes evaluation of factors such as key business, operational and issues impacting on their performance.
- There is review of the reports from the Management on a quarterly basis covering, but not restricted to strategy, key performance, resources and risk indicators.
- There is identification and review of the risk elements that impact the financial performances of the Group and a mechanism to manage risks of business operations.

### INTERNAL AUDIT FUNCTION

The Internal Audit Function directly reports to AC and is guided by Internal Audit Charter that was approved by the Board of Directors and that adopts a risk based approach. The Internal Audit Function was undertaken by both the in-house Internal Audit Department and Boardroom Business Solutions Sdn Bhd (co-sourced internal audit effective 21 September 2015) ("Internal Audit Team" or "IAT") who assists AC in discharging its duties to ensure that there are:-

- Independent reviews of key business processes to identify and evaluate significant operational, financial and compliance risks;
- Follow up audit review on the action plans taken by the management on the recommendations being proposed by IAT; and
- Highlighting of internal control weaknesses that will result in any material misstatement or loss that would require additional adjustment or disclosure to the Group's Annual Report. The management takes prompt measures to continuously improve the internal control environment.

### REVIEW FOR THE FINANCIAL YEAR

A review on the adequacy and effectiveness of the risk management and internal control system has been undertaken for the financial year under review. The AC is responsible to review and monitor the effectiveness of the Group's system of internal controls in respect of the followings:-

- Reviews and approves 3-Year internal audit plan;
- Evaluates the adequacy of key processes, systems and internal controls in relation to the principal risks, and establishes strategic responses, action plan programs and tasks to manage and/or eliminate performance gaps;
- Reviews the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources; and
- Reviews key internal control issues identified by the IAT, the Management and the External Auditors and action plans taken by the Management to mitigate risks in daily business operations on a quarterly basis.

The RFC review and monitor the effectiveness of the Group Risk Management and reports to the AC its assessment.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

*cont'd*

## REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised 2015), 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 2016, and reported to the Board that nothing has come to their attention that cause 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 disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) 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 Directors and management thereon. The auditors are also not required to consider whether the process described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

## CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control systems. The Board received assurance from the CEO and Group Finance Director that the risk management and internal control system, in all material aspects operated adequately and effectively and has been in place for the year under review and up to the date of the Annual Report. For the financial year under review, there were no material control failures or adverse consequences that have directly resulted in any material loss to the Group.

This Statement was approved by the Board of Directors on 23 February 2017.

## AUDIT COMMITTEE REPORT

The Board is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 December 2016 in accordance with Paragraph 15.15 of the Bursa Malaysia Listing Requirements.

### MEMBERSHIP AND ATTENDANCE

The AC of the Company was established to assist and advise the Board in matters relating to the Group's internal and external audit functions, risk management and compliance, financial reporting and corporate governance.



As at the date of this Annual Report, the members of the AC and the attendance of each member of the AC at the meetings held during the financial year ended 31 December 2016 are as follows:-

Composition of AC	Number of AC Meetings		%
	Held	Attended	
Mr Lee Cheow Fui – Chairman, Senior Independent, Non-Executive Director	4	4	100
Mej. Jen. Datuk Abdul Kadir bin Nordin (Bersara) – Independent Non-Executive Director	4	4	100
Datuk Toh Ah Wah – Independent Non-Executive Director	4	4	100

The Chairman of the AC, Mr Lee Cheow Fui, shall be an Independent Director and is a member of the Malaysian Institute of Accountants. All members of the AC are financially literate and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the AC.

Further information of the members of AC is set out in the Profile of Directors of this Annual Report and the Terms of Reference of the AC is set out in the Company's website at [www.tienwah.com](http://www.tienwah.com). In the event of any vacancy resulting in non-compliance with the Terms of Reference hereof, the vacancy must be filled within three (3) months.

The AC is in compliance with Paragraphs 15.09 and 15.10 of the Bursa Malaysia Listing Requirements.

# AUDIT COMMITTEE REPORT

*cont'd*

The CEO and Group Finance Director were invited to the meetings to facilitate direct communication and to provide clarifications on audit issues and the operations of the Group. The General Manager of Group Finance and Head of Internal Audit were present at the AC meetings to table the unaudited quarterly financial statements and internal audit reports. From time to time, other directors, senior management and employees may also be invited by the AC to attend the AC meetings.

To enable the AC to fulfill their role effectively, all its members had attended various seminars and training programs during the year, particularly on the latest developments in regulatory changes. Details of the training are disclosed in the Corporate Governance Statement in this Annual Report.

## SUMMARY OF WORKS DURING THE YEAR

During the financial year under review, the AC has carried out its functions and duties in accordance with its terms of reference. The works carried out by the AC encompassed the following:-

### 1. Financial reporting

- (a) Reviewed the quarterly unaudited and annual audited financial statements of the Company and Group with the CEO and finance team before recommending them to the Board of Directors for approval. The reviews and deliberations focused on significant changes to accounting policies and practices or judgement by Management, adjustments arising from the audits, compliance with applicable approved accounting standards and other legal requirements affecting the Company and the Group, significant matters reviewed were as follows:-

- Timing and profit recognition of sale of Jalan Semangat Land & Building;
- Recognition of acquisition of BPJ and its related Purchase Price Allocation for intangible value;
- Derecognition and profit on disposal of Benkert Malaysia;
- Impairment Assessment on the valuation of Intangible Assets, Property Plant and Equipment;
- Provision for Obsolescence and Net Realisable Value assessment of stocks; and
- Impact assessment on the "MFRS 15 – Revenue from contracts with customers"

The above significant matters were assessed by Management and then reviewed by External Auditors prior to deliberation and acceptance by the AC for recommendation to the Board, if necessary and implementation to the Company and Group accounts.

- (b) Reviewed and recommended dividend pay-out for the financial year to the Board.

### 2. External audit

- (a) Reviewed and approved the External Auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the External Auditors with management.
- (b) Reviewed with the External Auditors, the Group's annual financial statements focusing on findings arising from audits particularly the comments and responses in management letter as well as assistance given by the employees of the Group, before recommending to the Board of Directors for approval, including the Key Audit Matters as disclosed in the External Auditors Audit Opinion.
- (c) Reviewed with the External Auditors, the Company's Statement on Risk Management and Internal Control before recommending the same for inclusion into the 2016 Annual Report.
- (d) Held two (2) meetings with the External Auditors without the presence of the Executive Director or management to reinforce the independence of the external audit function of the Company and Group and to discuss any matters deemed sensitive without the presence of the Executive Director and Management.
- (e) Reviewed the overall performance of the External Auditors, including assessment of their independence, technical competency and reasonableness of their audit fees and non-audit fees such as review the Statement on Risk Management and Internal Control and Disclosure of Realised and Unrealised Profits or Losses. Upon satisfactory assessment, recommended the audit fee payable for the Board's approval.

## AUDIT COMMITTEE REPORT

*cont'd*

- (f) Received from the External Auditors their written assurance confirming their professional independence to the audit engagement.
- (g) Reviewed and recommended the re-appointment of External Auditors and the Audit Fees to the Board for approval.

### 3. Internal audit

- (a) Reviewed the internal audit reports prepared by the Head of Internal Audit and/or co-sourced Internal Audit, which highlighted the audit issues, root causes, potential risks and implications, recommendations and Management's response. Discussed with Management the actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports and follow up on audit recommendations.
- (b) Reviewed any related party transactions and conflict of interest situations that may arise within the TWPH Group, including any transaction, procedure or course of conduct that raises questions of management integrity. Ensure that all related party transactions were undertaken on an arm's length basis and on normal commercial terms, consistent with the Company and Group's usual business practices and policies, which are not more favourable than those generally available to the third parties/public and are not to the detriment of the minority shareholders.
- (c) Reviewed the internal audit plans as to their consistency with the Enterprise Risk Management Framework, in particular to the high risks areas identified.
- (d) Reviewed and approved the proposed audit work to be conducted in accordance to the approved 3-Year Internal Audit Plan.
- (e) Reviewed the follow-up reports on status of the implementation of action plans by the Management in addressing the areas for improvements as reported from the previous audit reviews.
- (f) Reviewed the overall performance of the Internal Auditors, including assessment of their independence, technical competency and sufficiency of its manpower and budget to carry out its work.
- (g) Held two (2) meetings with the Internal Auditors without the presence of the Executive Director or Management.

### 4. Ethical and Integrity areas

The AC did not receive any reports under the Group's Whistle Blower Policy which, the AC would take very seriously in its implementation and protection of its confidentiality as set out in the aforesaid policy.

### 5. Corporate Governance

- (a) Reviewed disclosure statements on the Corporate Governance Statement, Statement on Risk Management and Internal Control, Audit Committee Report and Corporate Social Responsibility for the financial year ended 31 December 2016 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2016 and recommended their adoption by the Board.
- (b) Reviewed the Terms of Reference of the AC pursuant to the latest amendments to the Bursa Malaysia Listing Requirements prior to the recommendation to the Board for adoption.
- (c) Received updates from the External Auditors on the new developments in disclosure requirements arising from the revised Auditors Reporting Standard and the amendments to Bursa Malaysia Listing Requirements affecting the contents of the AC Report in the annual reports, particularly on enhancement of disclosure on non-financial information, key audit matters and going concern.

# AUDIT COMMITTEE REPORT

*cont'd*

## INTERNAL AUDIT FUNCTION

The internal audit function during the year was undertaken by both the in-house Internal Audit Department and Boardroom Business Solutions Sdn Bhd (co-sourced internal audit effective 21 September 2015) ("Internal Audit Department") who are independent of the activities or operations of the Group. This co-sourcing arrangement is where the internal audit is conducted by a partnership between the Internal Audit Department of the Company (in-house) and an internal audit service provider. There are various advantages including access to professionals' skills, knowledge, and expertise; a new point of view to improve the internal audit function; provide staff training and being able to cover unexpected staffing needs.

The principal role of the internal audit is to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems are in place and continue to operate satisfactorily and effectively as functionally intended. It is the responsibility of the Internal Auditors to provide the AC with independent and objective reports on the state of risk management, internal controls and governance of the various operating units within the TWPH Group and the extent of compliance of the units with the TWPH Group's established policies and procedures as well as relevant statutory requirements.

The works performed by the Internal Audit Department during the financial year are as follows:-

- Reviewed and audited the pertinent issues of the TWPH Group on a cyclical basis, which would have a significant impact on the results of the TWPH Group:-
  - Production, Production Planning and Product Development;
  - Quality Assurance;
  - Banking, Cash Flow and Treasury; and
  - Information Technology.
- Reviewed the findings and proposed Management action plans arising from internal audits;
- Follow up review of outstanding Internal Audit issues to independently assess the implementation of action plans in addressing the observations highlighted in earlier Internal Audit reports.

Further details of the works of the Internal Audit Department are set out in the Statement on Risk Management and Internal Control of the Annual Report. The total costs incurred by in-house and co-sourced internal auditing discharging its function and responsibilities in 2016 amounted to approximately RM120,353 including expenses.

During the financial year under review, there were no material internal control failure that would have resulted in any significant loss to the Group.

## STATEMENT BY THE AC

There were no share options offered to eligible employees or the non-executive directors during the financial year ended 31 December 2016.

This AC Report was made in accordance with the approval of the Board of Directors on 23 February 2017.



## HIGH SPEED QUALITY PRINTING

Demand for quality printing in today's fast-paced economy is on the rise. We have large scale production capacity, flexibility and multi-location printing capabilities to meet our customers' requirements.

## CORPORATE SOCIAL RESPONSIBILITY



Tien Wah Press Holdings Berhad (TWPH) believes that good management and corporate governance generates and sustains long term value to our stakeholders. TWPH has a Sustainable Policy encompassing all aspects of ethical practices, and addresses relevant environment, social and governance matters.

In addition, TWPH is committed in implementing sustainable practices and exploring its benefits to the business whilst attempting to achieve the right balance and enhancing the well-being of the communities, the requirements of shareholders, stakeholders, and economic successes.

# CORPORATE SOCIAL RESPONSIBILITY

cont'd

## 1. SOCIAL SUSTAINABILITY

Social sustainability is to focus on the development of programs and processes that promotes social interactions and cultural enrichments. It emphasizes the protection of the vulnerable, respecting social diversity and ensuring that TWPH places importance on social capitals.

### Healthy workforce

TWPH recognizes the importance of work-life balance in order to foster greater productivity, team work and interaction amongst employees.

In order to provide a better quality of life for our workforce and also to inculcate a performance-based culture in the organization, we believe that well deserving employees should be rewarded accordingly. As such, TWPH has implemented an improved performance appraisal system to reward the deserving employee's annual performance bonus. TWPH also takes care of the welfare of its employees by providing personal health insurance, medical care and study loan subsidies for approved disciplines. These benefits together with disciplinary codes and complaints procedures are stipulated in the "Executive Handbook" and "Employees' Conditions of Employment Agreement Handbook".

Besides promoting health programs, the Company also designed programs to provide employees and their families with access to counselling and support services in the event of a personal or family crisis.



### Tien Wah Press (Malaya) Sdn Bhd ("TWPM")

TWPM through its Sports and Recreation Club has organized various activities in achieving these objectives. Several activities were organized to promote a healthier and work-life balance lifestyle for our people, such as:-

- Sports & Recreational activities, including bowling competition with supplier to foster closer relationship;
- Celebration feasts during festive occasions; and
- Sports Club's annual dinner.

### Anzpac Services (Australia) Pty Ltd ("ANZPAC")

- Health & wellbeing program (i.e. Flu vaccinations in April 2016 with 45 employees taking up the free jab)
- Distribution of research information sheets (i.e. "Dementia", "Dealing with Redundancy", "Bowel Cancer", "50 Ways to live Longer", "Bullying & Harassment in the Workplace", "Women & Heart Disease", "Caring for your Brain", "How to find Balance in your Life", "Quit Smoking", "Sleep Deprivation").

### Training and development

In business world, quality has a practical interpretation for the success of an organization. With this strong belief, TWPH has committed to engage, develop, train, and reward its people.

# CORPORATE SOCIAL RESPONSIBILITY

cont'd

In 2016, the Group invested in numerous types of training, up skilling seminars and sessions, both in-house and by external consultants, to equip our employees at all levels and positions with the necessary know-how needed to meet their responsibilities and perform at their best. Apart from the trainings organised, the Company also sponsored executives to take up courses and studies that are relevant and beneficial to their roles.

## Safer Workplace

To ensure our employees are aware of the importance of safety practices and to promote a safe work environment, TWPH has promoted the awareness of safety practices among the employees by providing safety related training. In addition, the Company conducted regular safety and fire drills, and has designated "Smoking Areas" and emergency assembly points on its premises.

Health and safety of our employees are the top priority in our operating protocol. TWPH complies with all industry regulations and has a systematic approach to prevent any breach of safety compliances and to promote safety awareness.

As part of our commitment towards providing a safe workplace, TWPH has implemented a range of medical care and improved safety protection in our working environment, such as:-

## Personal Protective Equipment

TWPH Group employees are provided with the following equipment according to their job requirement:-

- **Protective equipment** (i.e. goggles, hand gloves, apron, safety shoes, back support belt, hair net cap, ear plugs/earmuff, safety helmet etc)
- **Respiratory protection** (i.e. facemasks and respirators)
- **Dedicated platform** (TWPM installed a new platform at the finishing area for safer transferring of goods from production.)

## Safety Practices

TWPH has continuously enforced the following safety rules for employees, contractors and others, who work on-site:-

- **Permit-to-Work (PTW)**  
To verify the specific work permits and nature of work that were undertaken by them (i.e. Authorized Electricians to handle electrical equipment)
- **Job Safety Analysis (JSA) & Risk Assessment**  
To identify risks and determine safety precautions that have to be enforced before commencing production



## Protective Equipment

Employees at the production floor are required to adhere to the safety rules by using the appropriate protective equipment

## CORPORATE SOCIAL RESPONSIBILITY

cont'd

- **Designated "Smoking Areas"**

As part of the fire prevention, the Company has assigned designated "Smoking Areas" to prevent smoking at fire hazard areas

As part of the safety compliance and regulatory requirements, TWPM has obtained the Certificate of Fitness ("CF") for printing machineries in its production areas. In addition, TWPM has engaged a third-party specialist to inspect, test and comment on the Fire and Electrical Equipment. In Australia, Anzpac has documented housekeeping standards via the clean audit process, established an online safety & environmental reporting and corrective action system.

### Health Practices

TWPM has engaged hygiene consultant to conduct yearly inspections on the General Exhaust Ventilation System and Local Exhaust Ventilation System to ensure its effectiveness and to prevent or reduce the level of airborne vapors, fumes and gasses. The workers' exposure to various type of solvent is evaluated annually by the hygiene consultant to ensure that their exposure is below the permissible level.

In Australia, the concentrate of solvent vapors at factory floor level is measured on a regular basis. If the concentration is deemed too high, then additional venting is added to dilute the concentration back down to an acceptable level.

### Safety, Health and Environmental (S.H.E)

S.H.E Committee has continuously supported our Operation team and focuses on the following areas:-

- Represent the company for any external meeting together with local management (*i.e. Departmental of Occupational Safety/Departmental of Environmental*);
- Coordinate regular safety audits on company's premises;
- Monitor all related safety programs by providing advice and guidance; and
- Drive our people to play a crucial role in identifying and addressing any potential safety issues.



S.H.E team has continuously provide the following trainings to all employees:-

- S.H.E Awareness Program
- Forklift Safety Guidelines
- First Aid & CPR Recertification
- Ergonomic & Manual Handling Course (*i.e. Safety Guideline for Manual Handling – how to lift the cylinders and etc*)
- Chemical & Scheduled Waste Management Handling Course
- Fire Drills Training/Evacuation Mock Drills (*i.e. steps to handle fire extinguisher*)
- Audiometric Test
- Hazard Identification, Risk Assessment & Risk Control (HIRARC)
- Cross Function Audits
- Pest Control Program

S.H.E and the Production teams enforces the "Recycle & Reuse Program". This programs focuses on recycling the used solvent for various cleaning purpose (*i.e. cylinder, spare parts, ink tank, etc*).

## CORPORATE SOCIAL RESPONSIBILITY

cont'd



- The Company provides protection of all levels of employees from any form of harassment, humiliation or intimidation;
- The Company will attend quickly and observe the confidentiality of reports on grievances and allegations of misconduct.

### **Connecting the communities**

To maintain a long-term business relation with both communities and stakeholders, TWPH continuously investing and participating in relevant community activities. For example:-

#### *Community Investment Initiatives*

TWPH maintains its belief and philosophy that values the underprivileged and physically challenged especially young adults. We provide them with opportunities that enhance their self-esteem and effective communication with team mates. Our caring attitude and genuine intent is reflected not only by valuing them as part of our productive workforce but in translating the belief into real actions.

#### *Charitable Contributions*

Over the years, TWPH has constantly participated in several contributions. These included continuous support to borderless charitable initiatives through variety of social contributions to help the needs of the social community.

TWPM and APT organized visits to several charitable homes for the underprivileged, disabled children and senior citizen homes. With contributions in the form of cash and non-cash to these homes, TWPM and APT staff spend meaningful day with the children and the senior citizens from the various homes.

## 2. ENVIRONMENT SUSTAINABILITY

Environment issues are appraised with the same regard as any other business factors. In the world of business, all players are responsible to identify, manage and minimize the environmental impact. To support the above statement, TWPH has included the following activities:-



### **Harmonious Environment for a Diverse Workforce**

TWPH highly respects and values its diverse workforce. It is the Group's belief that creating a work environment that attracts, retains and fully engages diverse talents leads to enhanced innovation and creativity in our services. As part of this commitment, TWPH has undertaken the following initiatives:-

- Provision of fair and equitable employment regardless of ethnicity, gender or creed. TWPH and its group of companies do not engage child or slave labour;
- Equal opportunities for career advancement based on merit are accorded to all employees. Priority of employment opportunities are given to local residents, before considering employment of foreigners;

## CORPORATE SOCIAL RESPONSIBILITY

cont'd

### Waste Management

In our printing division, hazardous and non-hazardous for paper/board, plastic and others are segregated. The objectives of this segregation are to enable easier and more efficient waste sorting, saving in disposal costs, and supporting overall wastage control.

TWPH Group's overall waste disposal is currently well-managed by licensed contractors, who are registered under the local authorities.



### Reduce, Recycle and Reuse

- **Paper/board** – recycled boards are used during make-ready to minimize overall production wastage
- **Solvent** – implements the "Recycle & Reuse Programme", where recycled solvents are used for cleaning purpose (*i.e. printing cylinder, spare parts, etc*)
- **Ink** – current pumped-out/recycled ink is continuously used for all production run
- **Pallet** – encourages the use of returned pallets from customers that are still in good conditions

### Energy Conservation and Water Management

The Group maximizes the use of natural lights where possible, energy saving LED lights, and posted sign "switch off when not using" at relevant areas in order to minimize electricity and water consumption.

### Air Pollution

To ensure the emission levels are within the Malaysia Environment Quality (Clean Air) Regulations (1978), TWPH has engaged third party specialist to do air emission test and smoke observation every year across all TWPH Group.

### The Programme for the Endorsement of Forest Certification ("PEFC") - 2016

The Group is committed to various programs that support long-term environmental sustainability. One of the programs is PEFC. The following are the objectives of the PEFC program:-

- Demonstrate compliance with social, health and safety requirements in Chain of Custody certification;
- Access to markets, which increasingly demand assurances for wood products' legality and sustainability, and
- Promote the Company's PEFC-certified products on international markets and through PEFC's market outreach activities.

TWPM and APT are certified by PEFC for the manufacturing for cigarette and general packaging materials.

### Australian Packaging Covenant

ANZPAC joined as a signatory and member of Australian Packaging Covenant since 2010, that volunteers in demonstrating leadership in sustainable packaging design, recovery and recycling of used packaging materials, which reduce waste and litter. In the year 2013, ANZPAC was the award-winner among 900 signatories.

## 3. GOVERNANCE SUSTAINABILITY

The importance of governance structures and principles identify the distribution of rights and responsibilities among different participants (*i.e. Board of Directors, managers, shareholders, other stakeholders, etc*), and include the rules and procedures for making decisions in corporate affairs. The Group recognizes the importance and incorporated them into all functions and processes, which includes strategic planning, accountability, and sustainable planning and development.

## CORPORATE SOCIAL RESPONSIBILITY

cont'd



### Corporate Governance

TWPH Group supports the fundamental principle of good corporate governance and the best practice provisions contained in the Malaysian Code of Corporate Governance (*revised 2012*). Among others, laying a strong foundation for the Board, its committees and Management to carry out their roles effectively. At the same time, we are committed to timely disclose and safeguard the integrity of financial reporting. TWPH Group also emphasizes on the importance of risk management and internal control, as well as encouraging shareholders' participation in general meeting.

In pursuit of excellent corporate governance, a high standard is set to ensure our annual reports are produced in a timely, informative, factual and reader-friendly manner to the investing community. We are also committed to attaining a high level of transparency and accountability to the investing community.

### Stakeholders Engagement

TWPH continuously aimed to develop a sustainable relationship with its stakeholders, as it is important for the Company's development. Therefore, TWPH maintains a higher level of transparency and constant dialogue with our stakeholders via various communication channels (*i.e. annual general meeting, meeting with investors, perform regular audit on suppliers to ensure they meet our expectations*).

### Recognition by Stakeholders

TWPH Group has received recognition from some various sources by carrying out our mission to:-

- Continuously improve in provision of solutions;
- Conduct a healthy and safe environment; and
- Continuously innovate new products and businesses.

The following are the recognition for the Company's commitment:-

- **APT, "Good Enterprise 2013"** by Binh Duong People Committee (ruling government) – creation of job opportunity for local Vietnamese citizen in upgrading their skill level and social responsibility
- **TWPM, "Best Supplier (QPA) 2013"** by Guinness Anchor Bhd – production efficiency, quality assurance, and value-adding in costs saving
- **ANZPAC "Higher Achiever Award 2016"** by Australian Packaging Covenant – contribution in achieving the environmental key performance indicator (KPI)'s for recycling, product stewardship and resource use. New plan is to be developed by Q1 2017.

### Procurement Practices

TWPH Group manages risks related to its supply chain by adopting Code of Conduct, which includes a comprehensive social and environmental criterion that suppliers have to comply with. Suppliers are expected to progressively identify and eliminate risks to employees, such as harassment, discrimination, and poor safety standard.

## CORPORATE SOCIAL RESPONSIBILITY

cont'd



### ISO Certifications

- **Malaysia – TWPM**  
ISO 9001:2008 certified by TUV Rheinland Malaysia, local office of TUV Rheinland Group
- **Vietnam – APT**  
Both entities achieved the certification of ISO 9001:2008 by Bureau Veritas in 2010 (APT)
- **Australia – ANZPAC**  
Due to the company's robust exposure in fast moving consumer goods market (FMCG) and food packaging, they achieved:-
  - Certification of ISO 9001 (Quality);
  - Certification of ISO 14001 (Environmental);
  - HACCP Food Safety Programme; and
  - GS1 Barcode & Numbering Industry Standard.

### Kaizen and Lean Six Sigma

Kaizen is the practice of continuous improvement. It focuses on both philosophical and cultural concepts, which based on the belief of individual development (*i.e. skill benefits, self-improvement*). The current objectives which each operating unit is practicing include:-

- **Elimination of waste** (*i.e. raw materials, time, money, and effort*);
- **Quality control**; and
- **Customer care.**

In facilitating the implementation of *Kaizen*, all teams are formed directly under the General Managers.

Besides *Kaizen*, "*Lean Six Sigma (LSS)*" is also practised, a methodology that chiefly targets on waste elimination. It provides a method to accelerate a company's decision-making processes, while reducing production inefficiencies, as well as increasing product quality.

In Australia, ANZPAC practices LSS. The Company has continuously used this program to identify and work on a number of cost reduction and improvement processes (*i.e. labour costs, raw materials costs, and capacity growth*) and the management is extremely pleased with the major cost and inefficiency reductions achieved.



## TRADITIONAL VALUES, CONTEMPORARY TECHNOLOGY

Combining our expertise with state-of-the-art technologies, we are able to stay ahead of our competition and seizing opportunities in new growth areas.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

### for the year ended 31 December 2016

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

#### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

#### ULTIMATE HOLDING COMPANY

The Company is a subsidiary of New Toyo International Holdings Ltd., a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

#### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

#### RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year attributable to:-		
Owners of the Company	64,188	52,157
Non-controlling interests	(11,585)	-
	52,603	52,157

#### RESERVES AND PROVISIONS

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

#### DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2015 as reported in the Directors' Report of that year:-
  - a final single-tier dividend of 14 sen per ordinary share totalling RM13,509,300 declared on 22 February 2016 and paid on 30 June 2016; and
- ii) In respect of the financial year ended 31 December 2016:-
  - an interim single-tier dividend of 4 sen per ordinary share totaling RM5,789,700 declared on 4 August 2016 and paid on 28 October 2016.

The final single-tier dividends recommended by the Directors in respect of the financial year 31 December 2016 is 8 sen per share totaling RM11,579,400.

## **DIRECTORS' REPORT**

for the year ended 31 December 2016  
*cont'd*

### **DIRECTORS OF THE COMPANY**

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

Yen Wen Hwa @ Ngan Tzee Manh  
Angela Heng Chor Kiang  
Mej. Jen. (B) Datuk Abdul Kadir bin Nordin  
Datuk Toh Ah Wah  
Lee Cheow Fui  
Lim Teck Leong David  
Lee Chee Whye (*appointed on 1 September 2016*)

### **DIRECTORS OF THE COMPANY'S SUBSIDIARIES**

#### **Tien Wah Press (Malaya) Sdn. Bhd.**

Lee Chee Whye  
Wong Jin Sheng  
Yoong Loong Yan (*Appointed on 23 November 2016*)  
Chea Kok Keong (*Resigned on 1 August 2016*)

#### **Tien Wah Properties Sdn. Bhd.**

Yen Wen Hwa @ Ngan Tzee Manh  
Lee Chee Whye (*Appointed on 13 October 2016*)  
Ong Kiok Teng (*Resigned on 1 August 2016*)  
Ng Cheong Seng (*Resigned on 31 October 2016*)

#### **Alliance Print Technologies Co., Ltd**

Tan Poh Hin Errol  
Lee Chee Whye

#### **Alliance Print Technologies FZE**

Clement Soon Leng Huat (*Appointed on 22 January 2017*)  
Chea Kok Keong (*Resigned on 22 January 2017*)

#### **New Toyo Investments Pte Ltd**

Lee Chee Whye  
Ong Liang Win (*Appointed on 31 October 2016*)  
Ng Cheong Seng (*Resigned on 31 October 2016*)

#### **Max Ease International Limited**

Angela Heng Chor Kiang  
Lee Chee Whye  
Ng Cheong Seng (*Resigned on 31 October 2016*)

#### **Anzpac Services (Australia) Pty. Ltd**

Yen Wen Hwa @ Ngan Tzee Manh  
Angela Heng Chor Kiang  
Lee Chee Whye  
Steve David Arduin (*Appointed on 22 August 2016*)  
Peter Raymond Lowe (*Resigned on 9 August 2016*)

## DIRECTORS' REPORT

for the year ended 31 December 2016  
*cont'd*

### DIRECTORS OF THE COMPANY'S SUBSIDIARIES (continued)

#### PT Bintang Pesona Jagat

Angela Heng Chor Kiang (Appointed on 15 December 2016)

Lee Chee Whye (Appointed on 15 December 2016)

Allan John Sarte Laceda (Appointed on 15 December 2016)

Ir. Iwan Prasetyo, MM (Appointed on 15 December 2016)

#### Max View Holding Limited

Angela Heng Chor Kiang (Appointed on 25 October 2016)

Lee Chee Whye (Appointed on 25 October 2016)

### DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares 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 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			
	At 1.1.2016	Bought	Sold	At 31.12.2016
<b>Company</b>				
<b>Deemed interest</b>				
Yen Wen Hwa @ Ngan Tzee Manh	52,203,260	26,880,940	-	79,084,200
<b>Fully paid ordinary shares with no par value (SGD)</b>				
<b>Ultimate Holding Company</b>				
<b>Direct interest</b>				
Angela Heng Chor Kiang	500,000	-	-	500,000
Yen Wen Hwa @ Ngan Tzee Manh	139,959,164	-	-	139,959,164
<b>Deemed interest</b>				
Yen Wen Hwa @ Ngan Tzee Manh	87,910,517	-	-	87,910,517

None of the other Directors holding office at 31 December 2016 had any interest in the ordinary shares and option over shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of 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 certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30.

## DIRECTORS' REPORT

### for the year ended 31 December 2016

*cont'd*

#### DIRECTORS' BENEFITS (continued)

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.

#### ISSUES OF SHARES AND DEBENTURES

On 9 August 2016, the Company completed its proposed Rights Issue of 48,247,500 new ordinary shares of RM1.00 each. The Rights Issue is on the basis of one (1) Right Shares for every two (2) existing shares held. The issue price of the Rights Share was at RM1.00 per share. All the new ordinary shares rank pari passu in all respect with the existing shares of the Company.

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

#### INDEMNITY AND INSURANCE COSTS

During the current financial year, there is no indemnity cost for Directors or officers of the Company. The insurance cost for Directors and officers liability of the Group and Company was RM24,390.

#### OTHER STATUTORY INFORMATION

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

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

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

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

## DIRECTORS' REPORT

for the year ended 31 December 2016  
*cont'd*

### OTHER STATUTORY INFORMATION (continued)

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 2016 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, except for the gain on disposal of property recognised by a subsidiary, amounting to RM 32,526,000.

### SUBSEQUENT EVENT

On 7 March 2017, the Company received full payment of the Balance Sum amounting to RM15,267,000 based on the signed Audited Financial Statements for the financial year ended 31 December 2016 of Benkert Malaysia. The audited Net Tangible Asset value of Benkert Malaysia as at 31 December 2016 was RM85,891,000. As such, the final consideration for the Balance Shares is RM25,767,000. All other terms and conditions of the Disposal of Balance Shares remain unchanged. Hence, the disposal of balance shares has been completed.

### AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 18 to the financial statements.

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



Yen Wen Hwa @ Ngan Tzee Manh



Lee Cheow Fui

Petaling Jaya, Selangor

Date: 17 March 2017

## STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	262,936	242,099	261	295
Intangible assets	4	91,497	19,443	-	-
Investment in subsidiaries	5	-	-	111,069	111,069
Investment in joint venture	6	5,938	6,464	6,430	6,430
Investment in an associate	7	-	25,460	-	1,500
Deferred tax assets	8	1,496	1,474	-	-
Trade and other receivables	9	8,662	9,679	8,662	9,679
<b>Total non-current assets</b>		<b>370,529</b>	<b>304,619</b>	<b>126,422</b>	<b>128,973</b>
Trade and other receivables	9	155,269	48,717	94,275	31,081
Inventories	10	85,571	78,979	-	-
Current tax assets		1,178	61	-	-
Cash and cash equivalents	11	72,067	71,330	27,732	9,015
		314,085	199,087	122,007	40,096
Asset classified as held for sale	34	-	-	-	7,079
<b>Total current assets</b>		<b>314,085</b>	<b>199,087</b>	<b>122,007</b>	<b>47,175</b>
<b>Total assets</b>		<b>684,614</b>	<b>503,706</b>	<b>248,429</b>	<b>176,148</b>
<b>Equity</b>					
Share capital	12	144,743	96,495	144,743	96,495
Reserves	13	236,576	187,776	94,465	62,667
<b>Total equity attributable to owners of the Company</b>		<b>381,319</b>	<b>284,271</b>	<b>239,208</b>	<b>159,162</b>
<b>Non-controlling interests</b>	5	<b>47,670</b>	<b>62,168</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>428,989</b>	<b>346,439</b>	<b>239,208</b>	<b>159,162</b>

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

*cont'd*

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Liabilities</b>					
Deferred tax liabilities	8	8,524	11,052	-	-
Employee benefits	14	822	1,042	300	284
Loans and borrowings	15	87,209	11,530	1	5
Trade and other payables	16	12,409	1,506	-	-
<b>Total non-current liabilities</b>		108,964	25,130	301	289
Loans and borrowings	15	50,952	60,076	4	4
Trade and other payables	16	95,513	71,502	8,916	16,693
Current tax liabilities		196	559	-	-
<b>Total current liabilities</b>		146,661	132,137	8,920	16,697
<b>Total liabilities</b>		255,625	157,267	9,221	16,986
<b>Total equity and liabilities</b>		684,614	503,706	248,429	176,148

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>					
- Sale of goods		328,704	367,374	-	-
- Gross dividend income from unquoted subsidiaries and an unquoted associate		-	-	27,691	29,274
		328,704	367,374	27,691	29,274
Cost of sales		(272,577)	(288,519)	-	-
<b>Gross profit</b>		56,127	78,855	27,691	29,274
Other income		42,683	9,164	33,056	5,415
Distribution expenses		(8,786)	(10,625)	-	-
Administrative expenses		(29,795)	(25,757)	(8,822)	(5,856)
Other expenses		(13,389)	(18,445)	(1,281)	(1,262)
<b>Results from operating activities</b>		46,840	33,192	50,644	27,571
Finance income		1,945	991	1,997	1,414
Finance costs	17	(2,168)	(2,657)	(470)	(703)
<b>Net finance (costs)/income</b>		(223)	(1,666)	1,527	711
Share of loss of equity accounted joint venture, net of tax	6	(525)	-	-	-
Share of profit of equity accounted associate, net of tax	7	5,102	6,096	-	-
<b>Profit before tax</b>	18	51,194	37,622	52,171	28,282
Taxation	21	1,409	(1,791)	(14)	(20)
<b>Profit for the year</b>		52,603	35,831	52,157	28,262
<b>Other comprehensive income, net of tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		7,107	31,251	-	-
<b>Other comprehensive income for the year, net of tax</b>	19	7,107	31,251	-	-
<b>Total comprehensive income for the year</b>		59,710	67,082	52,157	28,262
<b>Profit attributable to:-</b>					
Owners of the Company		64,188	33,975	52,157	28,262
Non-controlling interests		(11,585)	1,856	-	-
<b>Profit for the year</b>		52,603	35,831	52,157	28,262

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016  
*cont'd*

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Total comprehensive income attributable to:-</b>					
Owners of the Company		69,159	57,885	52,157	28,262
Non-controlling interests		(9,449)	9,197	-	-
<b>Total comprehensive income for the year</b>		<b>59,710</b>	<b>67,082</b>	<b>52,157</b>	<b>28,262</b>
<b>Basic earnings per ordinary share (sen)</b>	22	44.77	29.40		

The notes on pages 83 to 153 are an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2016

Group	Note	Attributable to owners of the Company				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained earnings RM'000			
<b>At 1 January 2015</b>		96,495	12,504	8,804	118,848	236,651	68,078	304,729
Foreign currency translation differences for foreign operations		-	-	23,910	-	23,910	7,341	31,251
Total other comprehensive income for the year		-	-	23,910	-	23,910	7,341	31,251
Profit for the year		-	-	-	33,975	33,975	1,856	35,831
<b>Total comprehensive income for the year</b>		-	-	23,910	33,975	57,885	9,197	67,082
Dividends to owners of the Company	23	-	-	-	(7,720)	(7,720)	-	(7,720)
Dividends to non-controlling interests		-	-	-	-	-	(15,107)	(15,107)
Disposal of a subsidiary	33	-	-	(2,545)	-	(2,545)	-	(2,545)
<b>Total transactions with the owners of the Company</b>		-	-	(2,545)	(7,720)	(10,265)	(15,107)	(25,372)
<b>At 31 December 2015</b>		96,495	12,504	30,169	145,103	284,271	62,168	346,439
<b>At 1 January 2016</b>		96,495	12,504	30,169	145,103	284,271	62,168	346,439
Foreign currency translation differences for foreign operations		-	-	4,971	-	4,971	2,136	7,107
Total other comprehensive income for the year		-	-	4,971	-	4,971	2,136	7,107
Profit for the year		-	-	-	64,188	64,188	(11,585)	52,603
<b>Total comprehensive income for the year</b>		-	-	4,971	64,188	69,159	(9,449)	59,710
Issue of ordinary shares	12	48,248	-	-	-	48,248	-	48,248
Share issuance expenses		-	(1,060)	-	-	(1,060)	-	(1,060)
Dividends to owners of the Company	23	-	-	-	(19,299)	(19,299)	-	(19,299)
Dividends to non-controlling interests		-	-	-	-	-	(5,049)	(5,049)
<b>Total transactions with the owners of the Company</b>		48,248	(1,060)	-	(19,299)	27,889	(5,049)	22,840
<b>At 31 December 2016</b>		144,743	11,444	35,140	189,992	381,319	47,670	428,989

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2016

Company	Note	Attributable to owners of the Company			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	
<b>At 1 January 2015</b>		96,495	12,504	29,621	138,620
Profit and total comprehensive income for the year		-	-	28,262	28,262
Dividends to owners of the Company	23	-	-	(7,720)	(7,720)
<b>At 31 December 2015/1 January 2016</b>		96,495	12,504	50,163	159,162
Profit and total comprehensive income for the year		-	-	52,157	52,157
Issue of ordinary shares	12	48,248	-	-	48,248
Share issuance expenses		-	(1,060)	-	(1,060)
Dividends to owners of the Company	23	-	-	(19,299)	(19,299)
<b>At 31 December 2016</b>		144,743	11,444	83,021	239,208

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		51,194	37,622	52,171	28,282
Adjustments for:-					
Amortisation of intangible asset	4	1,401	9,198	-	-
Depreciation of property, plant and equipment	3	26,604	26,526	75	103
Dividend income		-	-	(27,691)	(29,274)
(Gain)/Loss on disposal of property, plant and equipment		(32,533)	474	-	(45)
Property, plant and equipment written off		412	-	-	-
Inventory written off		1,192	1,506	-	-
Finance costs	17	2,168	2,657	470	703
Finance income		(1,945)	(991)	(1,997)	(1,414)
Change in fair value of investment in joint venture		-	(34)	-	-
Gain on disposal of a subsidiary	33	-	(2,052)	-	284
Gain on disposal of an associate	32	(936)	-	(24,267)	-
Retirement benefits provided	14	39	118	15	75
Redundancy expense		12,436	6,658	-	-
Provision for annual leaves		2,037	2,102	(18)	37
Provision for long-service leave		141	225	-	-
Share of loss of equity-accounted joint venture, net of tax		525	-	-	-
Share of profit of equity-accounted associate, net of tax		(5,102)	(6,096)	-	-
Unrealised (gain)/loss on foreign exchange differences		(2,195)	926	(4,908)	979
Operating profit/(loss) before changes in working capital		55,438	78,839	(6,150)	(270)
Changes in working capital:-					
Inventories		6,870	1,903	-	-
Trade and other receivables		(20,712)	6,908	8,926	(8,548)
Trade and other payables		12,225	(18,016)	634	(75)
<b>Cash generated from/(used in) operations</b>		<b>53,821</b>	<b>69,634</b>	<b>3,410</b>	<b>(8,893)</b>
Dividend received		-	-	21,961	23,756
Interest received		1,945	991	1,997	1,414
Employee benefits used		(17,217)	(11,105)	-	(519)
Income tax paid		(3,390)	(3,710)	(14)	(20)
<b>Net cash from operating activities</b>		<b>35,159</b>	<b>55,810</b>	<b>27,354</b>	<b>15,738</b>

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

*cont'd*

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(37,630)	(14,612)	(5,230)	(180)
Acquisition of subsidiary, net of cash and cash equivalents acquired	31	(102,794)	-	-	-
Additions to intangible assets	4	(6,280)	-	-	-
Investment in joint venture	6	(5,000)	-	-	-
Proceeds from disposal of property, plant and equipment		8,409	443	5,189	264
Proceeds from disposal of a subsidiary, net of cash and cash equivalents	33	-	5,267	-	6,146
Proceeds from disposal of an associate		10,500	-	10,500	-
Change in pledged deposits		(4)	(3)	-	-
Dividend received		5,730	807	5,730	807
<b>Net cash (used in)/from investing activities</b>		<b>(127,069)</b>	<b>(8,098)</b>	<b>16,189</b>	<b>7,037</b>
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		267,248	194,596	-	-
Proceeds from issue of ordinary shares	12	48,248	-	48,248	-
Dividends paid to owners of the Company	23	(19,299)	(7,720)	(19,299)	(7,720)
Dividends paid to non-controlling interest		(5,049)	(15,107)	-	-
Interest paid		(2,168)	(2,657)	(470)	(703)
Repayment of loans and borrowings		(200,694)	(196,951)	(4)	(1,420)
Advance to subsidiary		-	-	(49,148)	(2,327)
Advance from/(repayment to) ultimate holding company		4,773	10,716	(3,093)	(1,899)
Rights issued expenses		(1,060)	-	(1,060)	-
<b>Net cash generated from/(used in) financing activities</b>		<b>91,999</b>	<b>(17,123)</b>	<b>(24,826)</b>	<b>(14,069)</b>
Net increase in cash and cash equivalents		89	30,589	18,717	8,706
Effect of exchange rate fluctuations on cash held		644	(12,359)	-	-
Cash and cash equivalents at 1 January		71,225	52,995	9,015	309
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>71,958</b>	<b>71,225</b>	<b>27,732</b>	<b>9,015</b>

The notes on pages 83 to 153 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

*cont'd*

(i) **Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following:-

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	11	42,535	46,045	8,131	9,015
Deposits with licensed banks	11	29,532	25,285	19,601	-
		72,067	71,330	27,732	9,015
Less: Deposit pledged	11	(109)	(105)	-	-
		71,958	71,225	27,732	9,015

## NOTES TO THE FINANCIAL STATEMENTS

Tien Wah Press Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:-

### Registered office

Lot 6.05, Level 6, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

### Principal place of business

9 & 11, Jalan Semangat  
46200 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"), the Group's interest in an associate and joint ventures.

The Company is principally engaged in investment holding, whilst the principal activities of the other Group entities are stated in Note 5 to the financial statements.

The ultimate holding company during the financial year is New Toyo International Holdings Ltd., a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited.

These financial statements were authorised for issue by the Board of Directors on 17 March 2017.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations 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, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017***

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 1. BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, *Leases*

#### **MFRSs, Interpretations 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 Company plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:-

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017;
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018; and
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company, except as mentioned below:-

### (i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 15.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 1. BASIS OF PREPARATION (continued)

### (a) Statement of compliance (continued)

#### (ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (iii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than 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 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 disclosed in the following notes:-

- Note 4 - Valuation of intangible assets

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated 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.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation (continued)

#### (i) Subsidiaries (continued)

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 impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments 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) Acquisitions from entities under common controls

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (a) Basis of consolidation (continued)

##### (v) 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 an available-for-sale financial asset depending on the level of influence retained.

##### (vi) Associate

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

Investment in associate is 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 associate, 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 the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. 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 the 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 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 investment includes transaction cost.

##### (vii) Joint Arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation (continued)

#### (vii) Joint Arrangement (continued)

A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture 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 investment includes transaction cost.

#### (viii) 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 comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the 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.

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

### (b) Foreign currency

#### (i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at 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 date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Foreign currency (continued)

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and contract value and 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 MFRS) 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 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 profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion 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 or joint control, the relevant portion of the cumulative amount is reclassified to profit or loss.

#### (c) Financial instruments

##### (i) Initial recognition and 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 instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

The Group and the Company categorise financial instruments as follows:-

###### **Financial assets**

###### **Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(i)(i)).

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Financial instruments (continued)

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

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of foreign operation.

#### (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 control of the asset is not retained or substantially all risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the 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 expired. 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 the profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

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

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (i) Recognition and measurement (continued)

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 accounting policy on borrowing costs.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

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

The estimated residual useful lives for the current and comparative periods are as follows:-

• Leasehold land	Between	7 – 48 years
• Buildings	Between	20 – 63 years
• Plant and machineries	Between	8 – 15 years
• Motor vehicles	Between	5 – 10 years
• Furniture, fittings and office equipment	Between	3 – 10 years

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (iii) Depreciation (continued)

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

#### (e) Leased assets

##### (i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

##### (ii) Operating lease

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as property, plant and equipment.

#### (f) Intangible assets

##### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associate.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Intangible assets (continued)

##### (ii) Contract value

Contract value relates to an eight years' exclusive agreement beginning from financial year 2008 to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region, with a right to extend the supply period for an additional three years.

Contract value relates to a six years' exclusive agreement beginning from financial year 2017 to supply British American Tobacco's printed carton requirements in Indonesia.

Contract value is stated at cost less accumulated amortisation and impairment losses.

##### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

##### (iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Goodwill with indefinite useful life is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Contract value is amortised from the date it is available for use. Amortisation is recognised in profit or loss based on the supply period of the contract value.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

#### (g) Inventories

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

The cost of inventories is calculated using the weighted average cost 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 finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

#### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks 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 pledged deposits.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Impairment

##### (i) Financial assets

All financial assets (except for investments in subsidiaries, investment in associate and investment in joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset or cash-generating unit.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and assets arising from employee benefits) 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 goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (i) Impairment (continued)

##### (ii) Other assets (continued)

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 first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

#### (j) Equity instruments

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

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (k) 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) Long service leave

The liability of long service leave is recognised in the provision for employee benefits and is measured as the present value of the expected future payments to be made in respect of services provided by an employee up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Employee benefits (continued)

#### (iii) 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. Once the contributions have been paid, the Group has no further payment obligations.

#### (iv) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed by the management using the projected unit credit method, a method which is consistent with the computation by the qualified actuary employed in prior years. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### (l) 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.

### (m) 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.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Revenue and other income

#### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### (ii) 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.

#### (iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (o) Borrowing costs

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Income tax

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments 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 following temporary differences: the initial recognition of goodwill and contract value, 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.

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that 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.

Deferred tax asset 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 liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### (q) Earnings per ordinary share

The Group presents basic 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.

### (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. The Group's operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about the 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 (continued)

#### (s) Fair value measurement

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 are 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.

#### (t) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured to the lower of their carrying amount and fair value less cost of disposal.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM'000	Leasehold buildings RM'000	Freehold buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2015	49,251	19,574	16,470	315,070	1,212	14,996	1,954	418,527
Additions	-	540	-	11,002	7	530	2,533	14,612
Disposals	(54)	(540)	-	(1,923)	(375)	(133)	-	(3,025)
Reclassification	-	-	-	-	-	2,144	(2,144)	-
Disposal of a subsidiary company	(369)	(2,918)	-	(23,672)	(58)	(662)	-	(27,679)
Effect of movements in exchange rates	5,997	2,003	1,969	41,742	68	910	421	53,110
At 31 December 2015/1 January 2016	54,825	18,659	18,439	342,219	854	17,785	2,764	455,545
Additions	-	20,284	92	16,281	142	580	251	37,630
Disposals	(18,400)	(16,370)	-	(323)	-	(104)	-	(35,197)
Write-off	-	-	-	-	-	(412)	-	(412)
Reclassification	-	2,337	101	235	-	-	(2,673)	-
Acquisition of a subsidiary company	-	-	-	33,379	269	492	-	34,140
Effect of movements in exchange rates	1,439	1,690	627	8,703	19	260	700	13,438
At 31 December 2016	37,864	26,600	19,259	400,494	1,284	18,601	1,042	505,144
<b>Accumulated depreciation</b>								
At 1 January 2015	2,450	2,673	2,958	161,596	629	11,256	-	181,562
Charge for the year	534	857	736	23,174	144	1,081	-	26,526
Disposals	(54)	(395)	-	(1,371)	(175)	(113)	-	(2,108)
Disposal of a subsidiary company	(285)	(1,556)	-	(10,336)	(20)	(157)	-	(12,354)
Effect of movements in exchange rates	331	886	816	17,169	33	585	-	19,820
At 31 December 2015/1 January 2016	2,976	2,465	4,510	190,232	611	12,652	-	213,446
Charge for the year	365	918	788	23,419	83	1,031	-	26,604
Disposals	(2,141)	(1,218)	-	(297)	-	(102)	-	(3,758)
Effect of movements in exchange rates	74	194	279	5,182	11	176	-	5,916
At 31 December 2016	1,274	2,359	5,577	218,536	705	13,757	-	242,208
<b>Carrying amounts</b>								
At 1 January 2015	46,801	16,901	13,512	153,474	583	3,740	1,954	236,965
At 31 December 2015	51,849	16,194	13,929	151,987	243	5,133	2,764	242,099
At 31 December 2016	36,590	24,241	13,682	181,958	579	4,844	1,042	262,936

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold buildings RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2015	-	62	522	584
Additions	-	180	-	180
Disposal	-	(28)	(375)	(403)
At 31 December 2015/1 January 2016	-	214	147	361
Additions	5,187	43	-	5,230
Disposal	(5,187)	(2)	-	(5,189)
At 31 December 2016	-	255	147	402
<b>Accumulated depreciation</b>				
At 1 January 2015	-	17	130	147
Charge for the year	-	17	86	103
Disposal	-	(9)	(175)	(184)
At 31 December 2015/1 January 2016	-	25	41	66
Charge for the year	-	46	29	75
Disposal	-	*-	-	*-
At 31 December 2016	-	71	70	141
<b>Carrying amounts</b>				
At 1 January 2015	-	45	392	437
At 31 December 2015	-	189	106	295
At 31 December 2016	-	184	77	261

\* Represents RM255

#### 3.1 Leased office equipment

At 31 December 2016, the net carrying amount of leased office equipment of the Group was RM7,960 (2015: RM20,000) and the Company was RM4,110 (2015: RM8,000).

#### 3.2 Security

The leased office equipment above secures finance lease obligations (see Note 15).

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

#### 3.3 Change in estimates

In the previous financial year, the Group had assessed and reviewed the residual useful life of its property, plant and equipment based on past experiences and machine vendor's validation. As a result of this review, the residual useful life of certain plant and machineries had been extended upwards by 8 to 15 years. The effect of these changes on depreciation expenses, recognised in cost of sales, in current and future periods are as follows:-

(decrease)/increase in depreciation expense					
2015	2016	2017	2018	2019	Later
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(4,716)	(4,453)	(4,453)	(4,425)	(4,126)	22,173

#### 3.4 Land

Included in the carrying amounts of land are:-

	Group	
	2016	2015
	RM'000	RM'000
Freehold land	32,927	31,749
Leasehold land with unexpired lease period of less than 50 years	3,663	20,100
	36,590	51,849

### 4. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Contract value RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2015		15,081	36,287	51,368
Effect of movements in exchange rates		-	8,396	8,396
Disposal of a subsidiary company		(106)	-	(106)
At 31 December 2015/1 January 2016		14,975	44,683	59,658
Acquisitions of a subsidiary	31	56,482	9,741	66,223
Additions <sup>#</sup>		-	6,280	6,280
Effect of movements in exchange rates		744	2,034	2,778
At 31 December 2016		72,201	62,738	134,939

Note:-

# The additions relates to payment for a contract extension in connection with the Group's existing year Supply Agreement with a major customer, for 3 years from November 2016 to October 2019.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 4. INTANGIBLE ASSETS (continued)

Group	Goodwill RM'000	Contract value RM'000	Total RM'000
<b>Amortisation</b>			
As at 1 January 2015	-	24,494	24,494
Amortisation for the year	-	9,198	9,198
Effect of movements in exchange rates	-	6,523	6,523
At 31 December 2015/1 January 2016	-	40,215	40,215
Amortisation for the year	-	1,401	1,401
Effect of movements in exchange rates	-	1,826	1,826
At 31 December 2016	-	43,442	43,442
<b>Carrying amounts</b>			
At 1 January 2015	15,081	11,793	26,874
At 31 December 2015	14,975	4,468	19,443
At 31 December 2016	72,201	19,296	91,497

### 4.1 Amortisation

Amortisation of contract value is recognised as other expenses.

### 4.2 Impairment testing for cash-generating units containing goodwill and contract value

For the purpose of impairment testing, goodwill and contract value are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill and contract value are monitored for internal management purposes.

The aggregate carrying amounts of intangible assets allocated to each unit are as follows:-

	Note	Group	
		2016 RM'000	2015 RM'000
<b>Goodwill</b>	a	72,201	14,975
<b>Contract Value</b>			
Max Ease International Limited	b	9,427	4,468
PT Bintang Pesona Jagat	c	9,869	-
		19,296	4,468
		91,497	19,443

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 4. INTANGIBLE ASSETS (continued)

### 4.2 Impairment testing for cash-generating units containing goodwill and contract value (continued)

Goodwill and contract value are allocated to each unit expected to benefit from the synergies of the acquisitions. The recoverable amount for the Group was based on value in use calculations. The recoverable amount for the Group's cash-generating unit ("GCGU") covering operations in Australia, Vietnam, Indonesia and Malaysia is higher than the carrying amount of the goodwill and contract value allocated and hence no impairment loss was recognised on the Group's intangible assets during the year.

#### Note a

Value in use in respect of goodwill was determined by discounting the future cash flows generated from the continuing use of the operating units and was based on the following key assumptions:-

- Cash flows were projected based on a post-tax basis and correspondingly, post-tax discount rates were used.
- Cash flows were projected based on the 1 year (2015: 1 year) base financial budget approved by the Board of Directors in October 2016. Certain inputs in the budget was revised by management due to changes in external factors, i.e exchange rates.
- Terminal value at end of year 5 is based on year 5 projected cashflow discounted at the respective operating subsidiaries' discount rates.
- Tax rates are assumed to be:-
  - statutory tax rates for subsidiaries in Malaysia, Australia, Vietnam and Indonesia; and
  - zero tax rate for a subsidiary in Hong Kong, given current incentives enjoyed by that subsidiary which is zero-tax on export sales.
- An anticipated revenue growth rate of 23%, 7%, 4%, 6% and 3% in 2017, 2018, 2019, 2020, and 2021 respectively and thereafter zero growth was used in the cash flows (2015: 5%, 11%, 6%, 0% and 0% in 2016, 2017, 2018, 2019 and 2020 respectively and thereafter zero growth was used in cash flows).
- Discount rate used for each respective country is based on the country's weighted average cost of capital ("WACC") rate (post-tax rate), incorporating respective country's risk premium, and an additional premium to factor in risk of cash flow projection inaccuracy. The post-tax discount rates for the operating subsidiaries are:-

Subsidiary domicile country	2016	2015
Malaysia	9% (pre-tax : 11.5%)	11% (pre-tax : 13.5%)
Vietnam	14% (pre-tax : 16.5%)	15% (pre-tax : 17.5%)
Australia	8% (pre-tax : 10.5%)	9.5% (pre-tax : 11.5%)
Hong Kong	9% (pre-tax : 9%)	10.5% (pre-tax : 10.5%)
Indonesia	15% (pre-tax : 17.5%)	Not applicable

- Foreign currency exchange rates remained stable.
- Assumed current level of annual maintenance costs is adequate to keep the machines in good working order.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 4. INTANGIBLE ASSETS (continued)

#### 4.2 Impairment testing for cash-generating units containing goodwill and contract value (continued)

##### Note a (continued)

- It is assumed that the replacement cost of the machines at terminal value in year 5 is based on a percentage of revenue (approximates annual depreciation).
- The Group is expected to successfully renew its rights to supply major customers' printed carton requirements upon the expiry of the agreement and to continue to supply over the projected period.
- The Group is be able to continue its recovery of higher wastage for low volume production runs.
- The Group enjoy continuous supply of product from its Vietnam subsidiary to MEIL.

##### Note b

Contract value is in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in several locations in the Asia Pacific region. The contract was initially for a period of eight years beginning from the financial year 2008, with a right to extend the supply period by an additional three years.

On 28 October 2016, British American Tobacco (Singapore) Pte Ltd, a company incorporated in Singapore under the laws of Singapore and a subsidiary of British American Tobacco International (Holdings) B.V. has vide a letter agreed to extend its current Supply Agreement for printed carton requirements in Singapore and Vietnam for an additional three years from 1 November 2016 and expiring on 31 October 2019 for the domestic and/or export markets, based on mutually agreed commercial terms. The Supply Agreement with Tobacco Importers and Manufacturers Sdn. Berhad for Malaysia would also be extended for one year.

##### Note c

The contract value is in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in Indonesia.

On 3 November 2016, Tien Wah Press Holding's 51% owned subsidiaries, Max Ease International Limited and Max View Holdings Limited entered into a Conditional Sale and Purchase Agreement to acquire PT Bintang Pesona Jagat. The proposed acquisition comes with a Manufacturing and Supply of Packaging Materials Agreement to supply printed carton requirements for British American Tobacco group of companies in Indonesia for a period of six years commencing 1 January 2017 until 31 December 2022.

For the purpose of impairment testing, the recoverable amount of the contract value is estimated using the present value of expected future cash flows generated by the contract value and based on the key assumptions as stated in item 4.2 (Note a).

Management believes that any reasonable change in the key assumptions would not cause the carrying amount of the goodwill and contract value to exceed the recoverable amount. Based on the above review, there is no evidence of impairment on the Group's intangible assets.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	111,069	111,069

Details of the subsidiaries are as follow:-

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
Tien Wah Press (Malaya) Sdn. Bhd. ("TWPM")	Malaysia	Rotogravure printing specialising in cigarette cartons and consumer goods packaging, and photolithography printing specialising in cartons and labels packaging and advertising materials	100	100
Tien Wah Properties Sdn. Bhd. ("TWProp")	Malaysia	Investment holding	100	100
+Alliance Print Technologies FZE ("APTF")	Dubai	Packing and packaging material manufacturing	**100	-
*New Toyo Investment Pte. Ltd. ("NTIV")	Singapore	Investment holding	100	100
+Max Ease International Limited ("MEIL")	Hong Kong	Investment holding and trading of cigarette packaging boxes	51	51
Subsidiary of MEIL:-				
*Anzpac Services (Australia) Pty. Ltd. ("Anzpac")	Australia	Printing packaging services in general	51	51
+Max View Holdings Limited ("MVHL")	Hong Kong	Investment holding	***51	-
+PT Bintang Pesona Jagat ("BPJ")	Indonesia	Printing and supplies of printing products	****51	-

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 5. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
Subsidiary of NTIV:-				
*Alliance Print Technologies Co., Ltd. ("APT")	Vietnam	Provision of printing services for tobacco packaging and paper services in general	100	100
+Toyo (Viet) Paper Product Co., Ltd. ("TVP")	Vietnam	Manufacture aluminium paper, paper core, board paper, tipping paper, plastic film and to do box printing	*****50	50

\* Audited by other member firms of KPMG International

+ Not audited by member firms of KPMG International

#### Acquisition of subsidiaries

\*\* On 8 March 2016, the Company has incorporated a new wholly owned subsidiary, Alliance Print Technologies FZE ("APTF"), in Jebel Ali Free Zone, Dubai, United Arab Emirates, with a share capital of AED1,000,000 (equivalent to approximately RM1,120,000) which represents the entire share capital of APTF. APTF is currently a dormant company. The said incorporation is in line with the long term strategic plans of the Company and to gain footprint in the Middle East market.

\*\*\* On 24 October 2016, MEIL, a 51%-owned subsidiary of the Company had acquired 100% of the issued share capital of Max View Holdings Limited ("MVHL"), Hong Kong at a total cash consideration of Hong Kong Dollar One (HKD1.00) only (equivalent to approximately RM0.54).

The acquisition resulted in MVHL becoming a wholly-owned subsidiary of MEIL, which in turn is the 51%-owned subsidiary of the Company.

\*\*\*\* On 3 November 2016 Max Ease International Limited ("MEIL"), a 51%-owned subsidiary company of TWPH, and Max View Holdings Limited ("MVHL"), a wholly-owned subsidiary of MEIL (collectively "the Purchasers") had entered into a Conditional Sale and Purchase of Shares Agreement ("CSPA") with PT Bentoel Prima ("PTBP") and PT Lestari Putra Wirasejati ("PTLW") (collectively "the Sellers") for the proposed acquisition of 100% of the issued and paid-up share capital in Bintang Pesona Jagat ("BPJ") ("Proposed Acquisition"). The Sellers and BPJ are subsidiary companies of PT Bentoel International Investama Tbk ("PTBINI"), a listed company in Bursa Efek Indonesia ("BEI") or Indonesian Stock Exchange.

The proposed acquisition was completed on 15 December 2016, resulting in BPJ becoming a subsidiary of the Company. Details of the acquisition has set out in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 5. INVESTMENT IN SUBSIDIARIES (continued)

### Disposal of a subsidiary

\*\*\*\*\* The Company had on 24 May 2015 entered into a strategic joint venture agreement ("Proposed Joint Venture") with Toyo (Viet) Paper Product Co. Ltd ("TVP") and Dong Nai Food Industrial Corporation Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO for USD1,630,000 (RM6,146,000) to secure DOFICO print packaging volume. TVP has been recognised as a Jointly Controlled Entity of the Company as at 31 December 2015.

The Joint Venture Agreement was legally completed on 5 May 2016 with the issuance of the Enterprise Registration Certificate for two members Company Limited by the lawful State Authority of Vietnam on 5 May 2016 and dated 29 April 2016.

TVP has also changed its name to "Toyo (Viet)-Dofico Print packaging Company" ("TVDP") to better reflect the joint venture.

### Non-controlling interests in subsidiaries

The Group's subsidiary that has non-controlling interest ("NCI") is as follows:-

	2016 MEIL Group	2015 MEIL Group
	RM'000	RM'000
NCI percentage of ownership interest and voting interest	49%	49%
Carrying amount of NCI	47,670	62,168
(Loss)/Profit allocated to NCI	(9,449)	1,856

### Summarised financial information before intra-group elimination

	2016 MEIL Group RM'000	2015 MEIL Group RM'000
<b>As at 31 December</b>		
Non-current assets	173,621	86,706
Current assets	118,824	107,978
Non-current liabilities	(107,811)	(526)
Current liabilities	(81,928)	(60,440)
Net assets	102,706	133,718

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 5. INVESTMENT IN SUBSIDIARIES (continued)

#### Summarised financial information before intra-group elimination (continued)

	2016 MEIL Group RM'000	2015 MEIL Group RM'000
<b>Year ended 31 December</b>		
Revenue	256,595	288,002
(Loss)/Profit for the year	(25,065)	3,531
Total comprehensive (loss)/income	(20,706)	18,512
Cash flows (used in)/generated from operating activities	(19,656)	21,068
Cash flows used in investing activities	(101,192)	(575)
Cash flows generated from/(used in) financing activities	85,853	(11,418)
Net (decrease)/increase in cash and cash equivalents	(34,995)	9,075
Dividend paid to NCI	(5,049)	(15,107)

#### Restriction imposed by bank covenants

	2016 RM'000	Group 2015 RM'000
Cash and cash equivalents	2,179	-
Other assets	290,266	-
	292,445	-

The above restriction arise from the following:-

#### Restriction imposed by bank covenants

The covenants of the bank loans taken by MEIL, a 51% subsidiary of the Company, restricts from declaring dividends or bonus issue or other distribution whether of an income or capital nature and whether in cash or in other form, without prior written consent of the bank.

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 6. INVESTMENT IN JOINT VENTURE

	2016 RM'000	2015 RM'000
Unquoted shares, at cost	6,430	6,430

The Group and the Company have 50% (2015: 50%) interest in the ownership and voting rights in a joint venture in TVDP.

On 16 May 2016, Tien Wah Properties Sdn Bhd ("TWPSB"), a wholly owned subsidiary of the Company has entered into a Shareholders' Agreement ("JVSA") with Kemensah Holdings Pte Ltd ("KHPL"), a wholly owned subsidiary of Lum Chang Holdings Limited ("LCH"), to form and operate a joint venture company known as Lum Chang Tien Wah Property Sdn Bhd (formerly known as Sterling Model Sdn Bhd ("SMSB" or "JV Co")) with a total issued and paid-up share capital of the JV Co of RM10,000,000 comprising 10,000,000 ordinary shares of RM1 each held by the JVSA Parties in equal proportion as per the JVSA. The principal activity of SMSB is an investment holding.

The Group has 50% (2015: Nil) interest in the ownership and voting rights in the joint venture of Lum Chang Tien Wah Property Sdn Bhd ("LCTW").

	TVDP RM'000	Group LCTW RM'000	Total RM'000
<b>2016</b>			
At cost:-			
Unquoted shares	6,430	5,000	11,430
Share of post-acquisition reserves	(492)	-	(492)
Elimination of unrealised profit	-	(5,000)	(5,000)
	5,938	-	5,938
<b>2015</b>			
At cost:-			
Unquoted shares	6,464	-	6,464
Share of post-acquisition reserves	-	-	-
	6,464	-	6,464

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 6. INVESTMENT IN JOINT VENTURE (continued)

Details of the joint venture are as follows:-

Name of joint venture company	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2016	2015
			%	%
Toyo(Viet)-Dofico Print Packaging Co., Ltd (formerly known as Toyo (Viet) Paper Product Co. Ltd.)	Vietnam	Manufacture aluminium paper, paper core, board paper, tipping paper, plastic film and to do box printing.	50	50
Lum Chang Tien Wah Property Sdn Bhd	Malaysia	Investment holding.	50	-

#### Summary financial information

	TVDP RM'000	2016 LCTW RM'000	Total RM'000
<b>Group</b>			
<b>As at 31 December</b>			
Non-current assets	14,636	65,715	80,351
Current assets	13,272	720	13,992
Current liabilities	(15,758)	(60,714)	(76,472)
Cash and cash equivalents	338	4,077	4,415
<b>Total net current assets</b>	<b>12,488</b>	<b>9,798</b>	<b>22,286</b>
<b>Year ended 31 December</b>			
Loss for the year/Total comprehensive loss	(1,050)	-	(1,050)
<b>Included in the total comprehensive loss are:-</b>			
Revenue	16,334	-	16,334
Depreciation and amortisation	(2,981)	-	(2,981)
Interest income	2	12	14
Interest expense	(75)	(643)	(718)

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 6. INVESTMENT IN JOINT VENTURE (continued)

#### Summary financial information (continued)

	TVDP RM'000	2016 LCTW RM'000	Total RM'000
<b>Group</b>			
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets	6,244	5,000	11,244
Goodwill	(830)	-	(830)
Elimination of unrealised profit	524	(5,000)	(4,476)
Carrying amount in the statement of financial position	5,938	*-	5,938
<b>Group's share of results</b>			
<b>Year ended 31 December</b>			
Group's share of loss/Total comprehensive loss	(525)	-	(525)

\* Due to Group's accounting policy and applying MFRS 128, Investment in Associates and Joint Ventures, the unrealised profit attributable to the disposal of Tien Wah Properties's land is only eliminated up to the extent to the Company investment of RM5 million in LCTW.

As such, the carrying amount of LCTW on the Group's statement of financial position at 31 December 2016 is RM nil, and will continue to be so until the unrealised profit on the sale equates the Group share of LCTW's profits.

#### Summary financial information

	TVDP RM'000	2015 LCTW RM'000	Total RM'000
<b>Group</b>			
<b>As at 31 December</b>			
Non-current assets	15,325	-	15,325
Current assets	12,811	-	12,811
Current liabilities	(15,949)	-	(15,949)
Cash and cash equivalents	879	-	879
Total net current assets	13,066	-	13,066
<b>Year ended 31 December</b>			
Profit for the year/Total comprehensive income	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 6. INVESTMENT IN JOINT VENTURE (continued)

### Summary financial information (continued)

	TVDP RM'000	2015 LCTW RM'000	Total RM'000
<b>Group</b>			
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets	6,533	-	6,533
Goodwill	(593)	-	(593)
Elimination of unrealised profit	524	-	524
Carrying amount in the statement of financial position	6,464	-	6,464
<b>Group's share of results</b>			
<b>Year ended 31 December</b>			
Group's share of profit/Total comprehensive income	-	-	-

## 7. INVESTMENT IN AN ASSOCIATE

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	-	1,500
Share of post - acquisition reserves	-	23,960
	-	25,460

Details of the associate are as follows:-

Name of associate	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
Benkert (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sales of standard and perforated tipping papers.	-*	30

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 7. INVESTMENT IN AN ASSOCIATE (continued)

The following table summarises the information on the carrying amount of the Group's interest in the associate:-

	Group	
	2016	2015
	RM'000	RM'000
<b>Summary financial information</b>		
<b>As at 31 December</b>		
Non-current assets	-	21,478
Current assets	-	73,263
Non-current liabilities	-	(1,848)
Current liabilities	-	(4,909)
<b>Net assets</b>	<b>-</b>	<b>87,984</b>
<b>Year ended 31 December</b>		
Profit for the year/Total comprehensive income	17,006	20,321
<b>Included in the total comprehensive income is:-</b>		
Revenue	114,175	109,066
<b>Reconciliation of net assets to carrying amount</b>		
<b>As at 31 December</b>		
Group's share of net assets	-	25,460
Carrying amount in the statement of financial position	-	25,460
<b>Group's share of results</b>		
<b>Year ended 31 December</b>		
Group's share of profit or loss	5,102	6,096
Group's share of total comprehensive income	5,102	6,096
<b>Other information</b>		
Dividend received by the Group	5,730	807

\* On 23 December 2016 the Company has received a Letter of Offer from Benkert UK indicating their offer to purchase ("Offer to Purchase") the Company's remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia ("Balance Shares"). The Company had on 23 December 2016 accepted the Offer to Purchase. The Net Tangible Asset ("NTA") of Benkert Malaysia as at 31 December 2016 is RM85,891,000 and the consideration for the Balance Shares was preliminary set at RM25,767,000 based on the Group 30% share of Benkert's NTA at 31 December 2016. A deposit of RM10,500,000 was received on 28 December 2016 and the balance consideration remains outstanding and will be settled within 7 days of the issuance of Benkert Malaysia's 31 December 2016 Audited Financial Statements. The disposal is deemed to be completed as at 31 December 2016 and a gain on disposal of RM936,000 was recognised. As such, Benkert Malaysia ceased to be an associate of the Group. Details of the disposal has set out in Note 32.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:-

Group	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	1,454	1,474	(7,901)	(10,860)	(6,447)	(9,386)
Provisions	42	-	(623)	(192)	(581)	(192)
	1,496	1,474	(8,524)	(11,052)	(7,028)	(9,578)

### Movement in temporary differences during the year

Group	At	Recognised	Recognised	At	Recognised	Recognised	At
	1.1.2015	in profit	in other	31.12.2015	in profit	in other	31.12.2016
	RM'000	or loss	comprehensive	RM'000	or loss	comprehensive	RM'000
		(Note 21)	(Note 19)		(Note 21)	(Note 19)	
Property, plant and equipment	(9,574)	(135)	323	(9,386)	4,191	(1,252)	(6,447)
Provisions	(238)	46	-	(192)	(389)	-	(581)
Other items	62	(62)	-	-	-	-	-
	(9,750)	(151)	323	(9,578)	3,802	(1,252)	(7,028)

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available for certain subsidiaries against which those subsidiaries can utilise the benefits therefrom. The deductible temporary differences do not expire under the current tax legislation.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Tax losses carry-forwards	43,309	20,013	-	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables	9.1	48,484	40,697	-	-
Related companies	9.1	633	17	-	-
		49,117	40,714	-	-
<b>Non-trade</b>					
Subsidiaries	9.2	-	-	76,395	30,034
Associate		-	23	-	-
Joint venture	9.3	61,901	993	1,099	779
Other receivables	9.4	21,390	5,282	16,775	25
Deposits		1,879	1,113	2	240
Prepayments		20,982	592	4	3
		155,269	48,717	94,275	31,081
<b>Non-current</b>					
Other receivables	9.4	8,662	9,679	8,662	9,679

### 9.1 Trade receivables and amount due from related companies

Trade receivables and amount due from related companies are subject to the normal trade credit terms between 30 days to 90 days (2015: 30 days to 90 days).

### 9.2 Amount due from subsidiaries

Included in the amount due from subsidiaries are advances of RM48,746,362 (2015: RM29,897,835) which are unsecured, subject to interest of up to 5.05% (2015: 5.50%) per annum and are repayable on demand.

### 9.3 Amount due from joint venture

Included in the amount are balances which consists of:-

Outstanding dividend due from TVDP, payable within 12 months amounting to RM1,427,000 (2015: RM742,000).

Balance payment from the disposal of the Jalan Semangat land held by TWProp to LCTW which is unsecured, interest bearing at 4.5% per annum payable within 12 months amounting to RM60,563,000 (2015: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 9. TRADE AND OTHER RECEIVABLES (continued)

#### 9.4 Other receivables

Included in the amount are balances which consists of:-

##### Current

Deferred payment from the Group's joint venture partner DOFICO of the purchase price for the sale of 50% of TVDP to be settled within 12 months from the pay-outs of future dividends from TVDP amounting to RM2,134,000 (2015: Nil).

Balance payment owing from Benkert UK Ltd for the disposal of the Company's remaining 1,500,000 Ordinary Shares of RM1.00 each representing 30% of the issued and paid-up share capital in Benkert Malaysia ("Balance Shares") will be due within 7 days of the issuance of the FY 2016 audited accounts, amounting to RM15,267,000 (2015: Nil).

##### Non-current

Deferred payment from the Group's joint venture partner DOFICO of the purchase price for the sale of 50% of TVDP to be settled from the pay-outs of future dividends from TVDP amounting to RM5,177,000 (2015: RM6,146,000).

Outstanding dividend due from TVDP, payable after 12 months amounting to RM3,485,000 (2015: RM3,533,000).

### 10. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
Raw materials and consumables	60,551	51,090
Work-in-progress	7,401	6,093
Finished goods	17,619	21,796
	85,571	78,979
Carrying amount of inventories pledged as security for bank borrowings	8,075	7,745
Recognised in profit or loss:-		
Inventories recognised as cost of sales	272,577	288,519
(Reversal)/write-down to net realisable value	(106)	511
Allowance for /(Reversal of allowance) inventories obsolescence	653	(425)
Inventories written-off	645	1,420

The write-down and write-off are included in cost of sales.

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	42,535	46,045	8,131	9,015
Deposits placed with licensed banks	29,532	25,285	19,601	-
	72,067	71,330	27,732	9,015

Included in deposits with licensed banks is RM108,826 (2015: RM105,340) pledged for bank facility secured.

## 12. SHARE CAPITAL

### Group and Company

	Amount	Number of shares	Amount	Number of shares
	2016 RM'000	2016 '000	2015 RM'000	2015 '000
Authorised:-				
Ordinary shares of RM1 each	200,000	200,000	200,000	200,000
Issued and fully paid:-				
Ordinary shares of RM1 each				
At 1 January	96,495	96,495	96,495	96,495
Share issued	48,248	48,248	-	-
At 31 December	144,743	144,743	96,495	96,495

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. All shares rank equally with regard to the Company's residual assets.

On 9 August 2016, the Company completed its proposed Rights Issue of 48,247,500 new ordinary shares of RM1.00 each. The Rights Issue was on the basis of one (1) Right Share for every two (2) existing shares held. The issue price of the Right Shares is at RM1.00 per share. All the new ordinary shares rank pari passu in all respect with the existing shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 13. RESERVES

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non distributable:-					
Share premium	13.1	11,444	12,504	11,444	12,504
Translation reserve	13.2	35,140	30,169	-	-
Distributable:-					
Retained earnings		189,992	145,103	83,021	50,163
		236,576	187,776	94,465	62,667

### 13.1 Share premium

The share premium arose from the issuance of ordinary share above its par value of RM1 per ordinary share net of share issuance expenses.

### 13.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial liabilities that hedge the Group's net investment in foreign operation.

## 14. EMPLOYEE BENEFITS

### Retirement benefits and other employee benefits

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total present value of unfunded obligations		551	515	300	284
Recognised liability for defined benefit obligations	14.1	551	515	300	284
Provision for long-service leave	14.2	2,908	4,488	-	-
Provision for annual leave		2,596	3,305	124	142
Total employee benefits		6,055	8,308	424	426
Analysed as:-					
- current	16	5,233	7,266	124	142
- non-current		822	1,042	300	284
		6,055	8,308	424	426

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 14. EMPLOYEE BENEFITS (continued)

### Retirement benefits and other employee benefits (continued)

#### 14.1 Defined benefit obligation

The Group recognises provisions for a non-contributory defined benefit plan to provide pension for eligible employees. The plan entitles an employee to receive a lump sum payment equal to 86% of the employee's final monthly salary for each year of service the employee provided up to the date the benefit becomes payable.

Included in the non-current portion of the recognised liability for defined benefit obligations is provision for severance allowance of RM19,500 (2015: RM23,000) which is governed by the Vietnamese Labour Code ("VLC"), when employees who have worked for 12 months or more ("VLC eligible employees") voluntarily terminate their labour contracts, the employer is required to pay the VLC eligible employees severance allowance.

Pursuant to Vietnam Law on Social Insurance, effective from 1 January 2009, the Group and the employees under its purview are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% (2015: 1%) of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Vietnam Government from time to time. With the implementation of the unemployment insurance scheme, the Group is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to existing VLC eligible employees as of 31 December 2016 will be determined based on the VLC eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

#### Movement in net defined benefit liability

The following table shows reconciliation from the opening balance to the closing balance for the net defined benefit liability and its components.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Balance at 1 January	515	1,109	284	728
<b>Included in profit or loss</b>				
Current service cost	16	72	23	44
Interest on obligation	23	46	13	31
Net retirement benefits expenses	39	118	36	75
<b>Other</b>				
Benefits paid/used by the plan	(4)	(709)	(20)	(519)
Effect of movements in exchange rate	1	(3)	-	-
	(3)	(712)	(20)	(519)
Defined benefit obligations at 31 December	551	515	300	284

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 14. EMPLOYEE BENEFITS (continued)

### Retirement benefits and other employee benefits (continued)

#### Actuarial assumptions

Principal actuarial assumptions at the end of reporting period:-

	Group		Company	
	2016	2015	2016	2015
Discount rate at 31 December	5%	4%	5%	4%
Future salary increases	4%	4%	4%	4%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average retirement age of an individual retiring is at age of 55 years for males and 50 years for females.

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	Increase	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
<b>2016</b>				
Discount rate (1% movement)	(12)	13	(6)	6
Future salary growth (1% movement)	13	(13)	6	(6)
<b>2015</b>				
Discount rate (1% movement)	(9)	10	(1)	1
Future salary growth (1% movement)	17	(10)	7	(1)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### 14.2 Liability for long-service leave

The liability of long-service leave is the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 15. LOANS AND BORROWINGS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>				
Term loans - secured	80,748	-	-	-
Term loans - unsecured	-	335	-	-
Revolving credits				
- unsecured	6,460	11,186	-	-
Finance lease liabilities	1	9	1	5
	<b>87,209</b>	<b>11,530</b>	<b>1</b>	<b>5</b>
<b>Current</b>				
Term loans - unsecured	349	885	-	-
Revolving credits				
- unsecured	50,595	59,180	-	-
Finance lease liabilities	8	11	4	4
	<b>50,952</b>	<b>60,076</b>	<b>4</b>	<b>4</b>

The information about the Group's and the Company's exposure to interest rate and foreign currency risk is disclosed in Note 25.

### Security

The secured term loan is secured by charge over shares in a subsidiary.

### Significant covenants

The secured and unsecured term loans and revolving credits are subject to the fulfilment of the following significant covenants:-

- (i) Subsidiaries shall not declare dividends which are more than its profit after tax for the year without prior written consent from the banks;
- (ii) Gearing/Leverage of certain subsidiaries shall not exceed range of 1.5 to 3.0 times set by applicable banks to individual subsidiaries (2015: 1.5 to 3.0 times);
- (iii) Tangible net worth of APT to be maintained at not less than USD 10 million (2015: USD10 million); and
- (iv) Inventories of a subsidiary amounting to USD1.8 million (2015: USD1.8 million) are pledged to a bank.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 15. LOANS AND BORROWINGS (continued)

#### 15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:-

	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000	Future minimum lease payments 2015 RM'000	Interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000
Less than one year	8	-	8	12	1	11
Between one and five years	1	-	1	9	-	9
	9	-	9	21	1	20

At the end of lease term, the Group has the option to purchase the equipment at a nominal price to be determined at that time.

### 16. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables	16.1	42,169	21,857	-	-
Related companies	16.1	294	5	-	-
		42,463	21,862	-	-
<b>Non-trade</b>					
Other payables		14,439	5,301	141	10
Accruals		6,173	4,572	999	496
Employee benefits	14	5,233	7,266	124	142
Related companies	16.2	55	283	-	-
Subsidiaries	16.3	-	-	3,529	9,006
Ultimate holding company	16.4	27,150	32,218	4,123	7,039
		53,050	49,640	8,916	16,693
		95,513	71,502	8,916	16,693
<b>Non-current</b>					
<b>Non-trade</b>					
Ultimate holding company	16.4	12,409	1,506	-	-

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 16. TRADE AND OTHER PAYABLES (continued)

#### 16.1 Trade payables and amount due to related companies

Trade payables and amount due to related companies are subject to the normal trade and credit terms.

#### 16.2 Amount due to related companies

Amount due to related companies is unsecured, interest free and repayable on demand.

#### 16.3 Amount due to subsidiaries

Amount due to subsidiaries is unsecured which is subject to 5.05% (2015: 5.25%) and repayable on demand.

#### 16.4 Amount due to ultimate holding company

Included in the current and non-current amount due to ultimate holding company is RM38,991,000 (2015: RM31,206,000) which is subject to fixed interest rate of 2.44% (2015: 2.38%) per annum. Amount due to ultimate holding company at company level amounts to RM4,079,000 (2015: RM6,884,000) which is subject to fixed interest rate of 2.75% (2015: 3.00%) per annum and is expected to be repayable within the next year. The remaining amounts due to ultimate holding company classified as current is interest free and repayable on demand. All balances are non-trade in nature and unsecured.

### 17. FINANCE COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:-				
- subsidiary companies	-	-	354	469
- banker's acceptances	-	38	-	-
- term loans	22	47	-	-
- revolving credits	1,548	1,913	-	7
- ultimate holding company	597	655	115	224
- finance lease liabilities	1	4	1	3
	2,168	2,657	470	703

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. PROFIT BEFORE TAX

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after charging:-</b>					
Amortisation of intangible assets	4	1,401	9,198	-	-
Auditors' remuneration					
- Audit fees					
KPMG Malaysia		166	122	105	67
Overseas affiliates of KPMG Malaysia		267	212	-	-
Other auditors		50	28	-	-
- Non-audit fees					
KPMG Malaysia		106	22	105	28
Overseas affiliates of KPMG Malaysia		2	43	-	-
Directors:-					
- fees	20	255	323	255	323
- remuneration	20	815	345	815	345
- provision for ex-gratia	20	4	51	4	51
Other short-term employee benefits	20	11	12	11	12
Depreciation of property, plant and equipment	3	26,604	26,526	75	103
Loss on disposal of property, plant and equipment		-	572	-	19
Property, plant and equipment written off		412	-	-	-
Inventories written off	10	645	1,420	-	-
Allowance for inventories obsolescence	10	653	-	-	-
Write down of inventories to net realisable value	10	-	511	-	-
Management fees		1,937	2,243	-	-
Personnel expenses (including other key management personnel):-					
- contributions to statutory pension funds		4,818	4,573	415	301
- wages, salaries and others		59,886	55,180	4,567	3,538

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 18. PROFIT BEFORE TAX (continued)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit before tax is arrived at after charging:- (continued)</b>					
Expenses related to employee benefits:-					
Retirement benefit provided	14	39	118	15	75
Provision for long term service leave		141	225	-	-
Remeasurement (gain)/loss		(1)	3	-	-
Redundancy expense		12,436	6,658	-	-
Provision for annual leave		2,037	2,102	(18)	37
Total employee benefit		14,652	9,106	(3)	112
Rental of properties		2,412	1,134	-	-
Loss on disposal of a subsidiary		-	-	-	284
Realised loss on foreign exchange		-	306	1,281	-
Unrealised loss on foreign exchange		2,715	3,420	-	979
<b>Profit for the year is arrived at and after crediting:-</b>					
Gain on disposal of property, plant and equipment		32,533	98	-	64
Gain on disposal of an associate		936	-	24,267	-
Gain on disposal of a subsidiary		-	2,052	-	-
Gross dividend income from:-					
- unquoted subsidiaries		-	-	21,961	28,467
- unquoted associate		5,730	807	5,730	807
Reversal of allowance for inventories obsolescence	10	-	425	-	-
Reversal of inventories to net realisable value	10	106	-	-	-
Rental income		7	12	-	-
Realised gain on foreign exchange		256	2,980	-	2,497
Unrealised gain on foreign exchange		4,908	-	4,908	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>Group</b>			
<b>2016</b>			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	8,359	(1,252)	7,107
<b>2015</b>			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	30,928	323	31,251

## 20. KEY MANAGEMENT PERSONNEL COMPENSATION

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors:-					
- fees	18	255	323	255	323
- remuneration	18	815	345	815	345
- provision for ex-gratia	18	4	51	4	51
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	18	11	12	11	12
Total short-term employee benefits		1,085	731	1,085	731
Other key management personnel:-					
- short-term employee benefits		6,445	6,170	4,151	3,264
- other long-term benefits		37	75	37	75
		6,482	6,245	4,188	3,339
		7,567	6,976	5,273	4,070

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

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## 21. TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
Malaysian				
- current year	982	2,080	-	-
- prior year	123	90	-	-
	1,105	2,170	-	-
Overseas				
- current year	1,288	951	14	20
- prior year	-	(1,481)	-	-
	2,393	1,640	14	20
Deferred tax expense				
Origination and reversal of temporary differences	(4,099)	179	-	-
Under/(Over) provision in prior year	297	(28)	-	-
	(3,802)	151	-	-
Total income tax expense	(1,409)	1,791	14	20
<b>Reconciliation of tax expense</b>				
Profit before tax	51,194	37,622	52,171	28,282
Income tax using Malaysian tax rate of 24% (2015: 25%)	12,287	9,406	12,521	7,071
Effect of tax rate in foreign jurisdictions	(3,227)	(4,630)	14	79
Non-deductible expenses	3,175	6,272	450	127
Double deductions on permitted expenses	(15)	-	-	-
Tax exempt income	(20,949)	(11,465)	(12,971)	(7,257)
Current year losses for which no deferred tax asset was recognised	6,900	3,627	-	-
Under/(Over) provided in prior years	420	(1,419)	-	-
	(1,409)	1,791	14	20

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. EARNINGS PER ORDINARY SHARE

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2016 was based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares in issue was derived at after taking into account the issuance of 48,247,500 new ordinary shares during the financial year is as follows:-

	Group	
	2016 RM'000	2015 RM'000
Profit for the year attributable to ordinary shareholders	64,188	33,975
<b>Weighted average number of ordinary shares</b>		
<i>In thousands of shares</i>		
Issued ordinary shares at 1 January	87,009	115,561
Effect of ordinary shares	56,356	-
Issued ordinary shares at 31 December	143,365	115,561
<b>Basic earnings per ordinary share</b>		
<i>In sen</i>	44.77	29.40

## 23. DIVIDENDS

	Sen per share (single-tier)	Total amount RM'000	Date of payment
<b>2016</b>			
Final 2015 ordinary	14.00	13,509	30 June 2016
Interim 2016 ordinary	4.00	5,790	28 Oct 2016
		19,299	
<b>2015</b>			
Final 2014 ordinary	4.00	3,860	25 June 2015
Interim 2015 ordinary	4.00	3,860	29 Oct 2015
		7,720	

After the reporting period, the following single tier dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share (single-tier)	Total amount RM'000
Final 2016 ordinary	8.00	11,579

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. OPERATING SEGMENTS

The Group takes the view that there is effectively only one segment as both the printing business and trading activities are inter-twined and all purchases for the trading activities are from companies within the Group.

Other non-reportable segments comprise operations related to investment holdings and property investments.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of segment relative to other entities that operate within these industries.

### Segment assets

The total of segment assets is measured based on all assets (including goodwill) as included in the internal management reports that are reviewed by the Board of Directors. Segment total assets are used to measure the return of assets.

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Board of Directors. Hence no disclosure is made on segment liabilities.

### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

	<b>Printing &amp; trading RM'000</b>
<b>2016</b>	
<b>Reporting segment profit</b>	<b>29,549</b>
<i>Included in the measure of segment profit are:-</i>	
Revenue from external customers	328,704
<i>Not included in the measure of reporting segment profit but provided to Board of Directors:-</i>	
Depreciation and amortisation	(27,508)
Finance costs	(2,392)
Finance income	1,103
<b>Segment assets</b>	<b>567,276</b>
<i>Included in the measure of segment assets are:-</i>	
Additions to non-current assets other than financial instruments and deferred tax assets	32,279

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 24. OPERATING SEGMENTS (continued)

<b>2015</b>	<b>Printing &amp; trading</b>	
	<b>RM'000</b>	
<b>Reporting segment profit</b>	66,382	
<i>Included in the measure of segment profit are:-</i>		
Revenue from external customers	367,374	
<i>Not included in the measure of reporting segment profit but provided to Board of Directors:-</i>		
Depreciation and amortisation, restated	(28,229)	
Finance costs	(2,874)	
Finance income	1,482	
<b>Segment assets</b>	439,280	
<i>Included in the measure of segment assets are:-</i>		
Additions to non-current assets other than financial instruments and deferred tax assets, restated	13,933	
<b>Reconciliations of reportable segment revenues, profit or loss, assets and other material items</b>		
	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Profit or loss</b>		
Total profit for reporting segments	29,549	66,382
Other non-reportable segments	97,883	32,381
Elimination of inter-segment profits	(52,587)	(29,847)
Depreciation and amortisation	(28,005)	(35,724)
Finance costs	(2,168)	(2,657)
Finance income	1,945	991
Share of loss of joint venture not included in reportable segments	(525)	-
Share of profit of an associate not included in reportable segments	5,102	6,096
Consolidated profit before tax	51,194	37,622

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. OPERATING SEGMENTS (continued)

### Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investment in an associate RM'000	Investment in joint venture RM'000	Additions to non-current assets RM'000
<b>2016</b>								
Total reportable segments	328,704	(27,508)	(2,392)	1,103	567,276	-	-	32,279
Other non-reportable segments	-	(497)	(1,578)	2,645	332,697	-	5,938	164
Elimination of inter-segment transactions or balances	-	-	1,802	(1,803)	(215,359)	-	-	-
Consolidated total	328,704	(28,005)	(2,168)	1,945	684,614	-	5,938	32,443

	External revenue RM'000	Depreciation and amortisation, restated RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Investment in an associate RM'000	Investment in joint venture RM'000	Additions to non-current assets RM'000
<b>2015</b>								
Total reportable segments	367,374	(28,229)	(2,874)	1,482	439,282	-	-	13,933
Other non-reportable segments	-	(717)	(1,696)	1,416	221,063	25,460	6,464	679
Elimination of inter-segment transactions or balances	-	(6,778)	1,913	(1,907)	(156,639)	-	-	-
Consolidated total	367,374	(35,724)	(2,657)	991	503,706	25,460	6,464	14,612

### Geographical segments

The printing segment is managed on a worldwide basis, but operate manufacturing facilities and sales offices in Malaysia, Vietnam, Australia, Indonesia, United Arab Emirates and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in associates, joint ventures) and deferred tax assets.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 24. OPERATING SEGMENTS (continued)

#### Geographical segments (continued)

Geographical information	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Australasia	61,199	69,740	63,094	82,281
Malaysia	52,018	66,708	30,662	31,634
Singapore	178,958	208,558	-	-
Vietnam	6,592	7,903	127,317	108,475
Middle East	-	-	22,521	-
Hong Kong	45	35	76,593	4,744
Indonesia	-	-	33,440	-
Other countries	29,892	14,430	-	-
	328,704	367,374	353,627	227,134

#### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	2016 RM'000	2015 RM'000
All common control companies of:-		
- British American Tobacco Group	252,230	289,571

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. FINANCIAL INSTRUMENTS

### 25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:-

- (a) Loans and receivables ("L&R"); and  
(b) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount 2016 RM'000	L&R/ (OL) 2016 RM'000	Carrying amount 2015 RM'000	L&R/ (OL) 2015 RM'000
<b>Financial assets</b>				
<b>Group</b>				
Trade and other receivables (excluding prepayments)	142,949	142,949	57,804	57,804
Cash and cash equivalents	72,067	72,067	71,330	71,330
	215,016	215,016	129,134	129,134
<b>Company</b>				
Trade and other receivables (excluding repayments)	102,933	102,933	40,757	40,757
Cash and cash equivalents	27,732	27,732	9,015	9,015
	130,665	130,665	49,772	49,772
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(138,161)	(138,161)	(71,606)	(71,606)
Trade and other payables	(62,781)	(62,781)	(31,730)	(31,730)
Ultimate holding company	(39,559)	(39,559)	(33,724)	(33,724)
Related companies	(349)	(349)	(288)	(288)
	(240,850)	(240,850)	(137,348)	(137,348)
<b>Company</b>				
Loans and borrowings	(5)	(5)	(9)	(9)
Trade and other payables	(1,140)	(1,140)	(506)	(506)
Ultimate holding company	(4,123)	(4,123)	(7,039)	(7,039)
Subsidiaries	(3,529)	(3,529)	(9,006)	(9,006)
	(8,797)	(8,797)	(16,560)	(16,560)

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. FINANCIAL INSTRUMENTS (continued)

### 25.2 Net gains and (losses) arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:-				
Loans and receivables	4,395	1,328	5,624	2,932
Financial liabilities measured at amortised cost	(2,168)	(2,657)	(470)	(703)
	2,227	(1,329)	5,154	2,229

### 25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:-

- Credit risk
- Liquidity risk
- Market risk

### 25.4 Credit risk

#### 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. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are tobacco manufacturers. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 180 days, which are deemed to have higher credit risk, are monitored individually. As at the end of the reporting period, there was no indication that the receivables will not be recoverable.

## NOTES TO THE FINANCIAL STATEMENTS

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### 25. FINANCIAL INSTRUMENTS (continued)

#### 25.4 Credit risk (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was as follows:-

	Group	
	2016 RM'000	2015 RM'000
Singapore	22,857	17,947
Australasia	8,402	9,734
Malaysia	4,478	7,664
Vietnam	1,393	3,188
Indonesia	6,184	-
Others	5,803	2,181
	49,117	40,714

At the end of the reporting period, there is one customer with balances amounting to 74% (2015: one customer amounting to 72%) of the Group's gross trade receivables.

#### Impairment losses

The ageing of trade receivables as at the end of the reporting period was:-

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>2016</b>			
Not past due	43,121	-	43,121
Past due 0 - 30 days	4,999	-	4,999
Past due 31 - 180 days	997	-	997
Past due more than 180 days	-	-	-
	49,117	-	49,117
<b>2015</b>			
Not past due	32,580	-	32,580
Past due 0 - 30 days	4,015	-	4,015
Past due 31 - 180 days	3,299	-	3,299
Past due more than 180 days	820	-	820
	40,714	-	40,714

# NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.4 Credit risk (continued)

#### Cash and cash equivalents

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

Cash and cash equivalents are placed with financial institutions which are regulated.

*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.

#### Related party balances

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

The Company provides unsecured loans and advances to subsidiaries and a joint venture. The Company monitors the results of the subsidiaries and joint venture regularly.

*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 their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries and a joint venture of the Company.

*Impairment losses*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries and joint venture are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries and joint venture.

### 25.5 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 bank 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

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## 25. FINANCIAL INSTRUMENTS (continued)

### 25.5 Liquidity risk (continued)

#### 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:-

Group	Carrying amount RM'000	Contractual interest rate	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>2016</b>							
<i>Non-derivative financial liabilities</i>							
Term loan – secured	80,748	3.27%	94,015	-	10,018	30,370	53,627
Term loan – unsecured	349	3.00%	354	354	-	-	-
Revolving credits – unsecured	57,055	2.79%	59,001	52,048	5,503	1,450	-
Finance lease liabilities	9	9.00%	10	9	1	-	-
Trade and other payables	63,130	-	63,130	63,130	-	-	-
Ultimate holding company							
- interest bearing	38,992	2.44%	40,184	27,248	12,936	-	-
- non-interest bearing	567	-	567	567	-	-	-
	240,850		272,261	143,356	28,458	31,820	53,627

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>2015</b>						
<i>Non-derivative financial liabilities</i>						
Term loan – unsecured	1,220	3.00%	1,261	912	349	-
Revolving credits – unsecured	70,366	2.30%	72,449	60,577	5,226	6,646
Finance lease liabilities	20	9.00%	23	12	9	2
Trade and other payables	32,018	-	32,018	32,018	-	-
Ultimate holding company						
- interest bearing	31,206	2.38%	32,415	30,416	1,999	-
- non-interest bearing	2,518	-	2,518	2,518	-	-
	137,348		140,684	126,453	7,583	6,648

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 25. FINANCIAL INSTRUMENTS (continued)

#### 25.5 Liquidity risk (continued)

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>2016</b>						
<i>Non-derivative financial liabilities</i>						
Ultimate holding company-interest bearing	4,079	2.75%	4,194	4,194	-	-
Ultimate holding company-not interest bearing	44	-	44	44	-	-
Trade and other payables	1,140	-	1,140	1,140	-	-
Subsidiaries	3,529	5.05%	3,711	3,711	-	-
Finance lease liabilities	5	9.00%	5	4	1	-
	8,797		9,094	9,093	1	-
<b>2015</b>						
<i>Non-derivative financial liabilities</i>						
Ultimate holding company-interest bearing	6,884	3.00%	7,006	7,006	-	-
Ultimate holding company-not interest bearing	155	-	155	155	-	-
Trade and other payables	506	-	506	506	-	-
Subsidiaries	9,006	5.25%	9,485	9,485	-	-
Finance lease liabilities	9	9.00%	10	4	5	1
	16,560		17,162	17,156	5	1

#### 25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. FINANCIAL INSTRUMENTS (continued)

### 25.6 Market risk (continued)

#### 25.6.1 Currency risk

The Group is exposed to 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 U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Vietnam Dong ("VND"), Australian Dollar ("AUD") and Indonesian Rupiah ("IDR").

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

Certain subsidiaries use forward exchange contracts to hedge its foreign currency risk, where necessary, the forward exchange contracts are rolled over at maturity at market rates.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:-

	Denominated in				
	USD RM'000	SGD RM'000	VND RM'000	AUD RM'000	IDR'000 RM'000
<b>Group</b>					
<b>2016</b>					
Trade and other receivables	51,871	678	2,102	14,736	6,751
Trade and other payables	(71,868)	(762)	(2,985)	(20,871)	(3,482)
Loans and borrowings	(133,152)	-	-	-	-
<b>Net exposure</b>	<b>(153,149)</b>	<b>(84)</b>	<b>(883)</b>	<b>(6,135)</b>	<b>3,269</b>
<b>2015</b>					
Trade and other receivables	37,583	698	5,840	11,921	-
Trade and other payables	(45,664)	(2,639)	(4,087)	(11,308)	-
Loans and borrowings	(62,587)	-	-	-	-
<b>Net exposure</b>	<b>(70,668)</b>	<b>(1,941)</b>	<b>1,753</b>	<b>613</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.6 Market risk (continued)

#### 25.6.1 Currency risk (continued)

##### *Currency risk sensitivity analysis*

A 10% (2015: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity		Profit or loss	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
USD	-	-	11,639	6,026
SGD	-	-	6	146
VND	-	-	67	(131)
AUD	-	-	466	(46)
IDR	-	-	(248)	-

A 10% (2015: 10%) weakening of 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.

#### 25.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to 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.

##### *Exposure to interest rate risk*

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

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	9,931	25,285	48,746	29,898
Financial liabilities	(38,991)	(31,206)	(7,607)	(15,890)
	(29,060)	(5,921)	41,139	14,008

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 25. FINANCIAL INSTRUMENTS (continued)

#### 25.6 Market risk (continued)

##### 25.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Floating rate instruments</b>				
Financial assets	19,601	-	19,601	194
Financial liabilities	(138,161)	(71,606)	(5)	(9)
	(118,560)	(71,606)	19,596	185

Interest rate risk sensitivity analysis

(a) 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 hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) 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 (decreased)/increased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Profit or loss	
	100 bp increase 2016 RM'000	100 bp decrease 2016 RM'000	100 bp increase 2015 RM'000	100 bp decrease 2015 RM'000
<b>Group</b>				
Floating rate instruments	(1,186)	1,186	(716)	716

#### 25.7 Fair value of 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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. FINANCIAL INSTRUMENTS (continued)

### 25.7 Fair value of financial instruments (continued)

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 statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>										
<b>Financial assets</b>										
Other receivables	-	-	8,662	8,662	-	-	-	-	8,662	8,662
<b>Financial liabilities</b>										
Bank borrowings	-	-	(138,152)	(138,152)	-	-	-	-	(138,152)	(138,152)
Finance lease liabilities	-	-	-	-	-	-	(8)	(8)	(8)	(9)
Ultimate holding company	-	-	-	-	-	-	(38,039)	(38,039)	(38,039)	(39,558)
	-	-	(129,490)	(129,490)	-	-	(38,047)	(38,047)	(167,537)	(169,057)
<b>Company</b>										
<b>Financial assets</b>										
Loan to subsidiaries	-	-	-	-	-	-	46,920	46,920	46,920	48,746
Other receivables	-	-	8,662	8,662	-	-	-	-	8,662	8,662
<b>Financial liabilities</b>										
Finance lease liabilities	-	-	-	-	-	-	(4)	(4)	(4)	(5)
Subsidiaries	-	-	-	-	-	-	(3,355)	(3,355)	(3,355)	(3,529)
Ultimate holding company	-	-	-	-	-	-	(4,010)	(4,010)	(4,010)	(4,123)
	-	-	8,662	8,662	-	-	39,551	39,551	48,213	49,751

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.7 Fair value of financial instruments (continued)

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 statement of financial position. (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>										
<b>Financial assets</b>										
Other receivables	-	-	9,679	9,679	-	-	-	-	9,679	9,679
<b>Financial liabilities</b>										
Bank borrowings	-	-	(71,586)	(71,586)	-	-	-	-	(71,586)	(71,586)
Finance lease liabilities	-	-	-	-	-	-	(18)	(18)	(18)	(20)
Ultimate holding company	-	-	-	-	-	-	(30,462)	(30,462)	(30,462)	(33,724)
	-	-	(61,907)	(61,907)	-	-	(30,480)	(30,480)	(92,387)	(95,651)
<b>Company</b>										
<b>Financial assets</b>										
Loan to subsidiaries	-	-	-	-	-	-	28,754	28,754	28,754	32,361
Other receivables	-	-	9,679	9,679	-	-	-	-	9,679	9,679
<b>Financial liabilities</b>										
Bank borrowings	-	-	-	-	-	-	-	-	-	-
Finance lease liabilities	-	-	-	-	-	-	(7)	(7)	(7)	(9)
Subsidiaries	-	-	-	-	-	-	(8,561)	(8,561)	(8,561)	(9,006)
Ultimate holding company	-	-	-	-	-	-	(6,681)	(6,681)	(6,681)	(7,039)
	-	-	9,679	9,679	-	-	13,505	13,505	23,184	25,986

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 25. FINANCIAL INSTRUMENTS (continued)

#### 25.7 Fair value of financial instruments (continued)

##### Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

##### *Financial instruments not carried at fair value*

<b>Type</b>	<b>Description of valuation technique and inputs used</b>
Revolving credit, finance lease liabilities and intercompany balances.	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

##### *Valuation processes applied by the Group for level 3 fair value*

The Group has a control framework in respect to the measurement of fair values of financial instruments. The overall valuation responsibility for overseeing all significant fair value measurements, including Level 3 fair values are done by the Group Finance Manager, reporting to the Chief Financial Officer. The Group Finance Manager regularly reviews significant unobservable inputs and valuation adjustments.

### 26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is 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. Loan covenants are disclosed in Note 15.

The debt-to-equity ratios were as follows:-

		<b>Group</b>	
	<b>Note</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Total loans and borrowings	15	138,161	71,606
Less: Cash and cash equivalents	11	(72,067)	(71,330)
<b>Net debt</b>		<b>66,094</b>	<b>276</b>
<b>Total equity</b>		<b>428,989</b>	<b>346,439</b>
<b>Debt-to-equity ratio</b>		<b>0.2</b>	<b>0.0</b>

There was no change in the Group's approach to capital management during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

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### 27. OPERATING LEASES

Operating lease rentals are payable as follows:-

	Group	
	2016 RM'000	2015 RM'000
Within one year	528	768
Between one and five years	1,291	617
More than five years	1,202	-
	3,021	1,385

The Group leases a number of premises, motor vehicles and office equipment under non-cancellable operating leases. The leases have varying terms and escalation clauses and renewal rights. On renewal, the terms of leases are re-negotiated. None of the leases include contingent rentals.

### 28. CAPITAL AND OTHER COMMITMENTS

	Group	
	2016 RM'000	2015 RM'000
<b>Property, plant and equipment</b>		
Authorised but not contracted for	7,969	-
Contracted but not provided for	43,412	2,478
	51,381	2,478

### 29. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is remote that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2016 RM'000	2015 RM'000
<i>Corporate guarantee to subsidiaries</i>		
Short-term borrowings	50,944	60,065
Long-term borrowings	87,209	11,521
	138,153	71,586

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 29. CONTINGENCIES (continued)

#### Company

As at the reporting date, the Company had issued proportionate corporate guarantees of USD9.2 million (2015: Nil) in favour of MEIL for its external borrowings in respect of USD18 million credit facilities granted to enable MEIL to undertake and complete the acquisition of BPJ.

#### Joint Venture

##### TVDP – Joint Venture

A performance guarantee to joint venture entity, Toyo (Viet)-Dofico Print Packaging Co., Ltd. Details are as follows:-

In accordance with the agreement, if TVP suffers losses or the profits received by DOFICO from the JV Company within thirty six months as of the Commencement Date is less than 20% of the Purchase Price, DOFICO at its own discretion shall:-

- (a) continue the Joint Venture Agreement and extend the payment timeline for the Purchase Price until the profits received from TVP are sufficient for DOFICO to pay the Purchase Price to the Company; or
- (b) have the right to sell to the Company the entire of its Sale Capital Contribution at the reselling price being the remaining amount after the Purchase Price minus outstanding payments for the Purchase Price that have not been paid by DOFICO to the Company at the time of actual payment of re-selling price (the "Re-selling Price"). In this case, the Company is obligated to re-purchase the Capital Contribution of DOFICO in whole; or
- (c) exercise the put option calling for the Company to purchase its Sale Capital Contribution in whole at the Re-selling Price. The Company commits to buy back the Capital Contribution of DOFICO in case DOFICO exercises its put option.

### 30. 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 the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

The significant related party transactions of the Group and the Company are shown below, other than key management personnel compensation (see Note 20) and other balances relating to payable and receivable contained in Note 9 and 16.

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 30. RELATED PARTIES (continued)

Group	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Ultimate holding company</b>				
Management fees expense	1,937	2,243	-	-
Interest expense	595	655	115	224
<b>Related companies</b>				
Sales	(7,161)	(14,213)	-	-
Purchases	1,716	12,015	-	-
Rental of warehouse expenses	699	699	-	-
Expenses on outsourcing of sales administrative and accounting work	-	265	-	-
Sales of scrap paper	-	(16)	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	(21,961)	(28,467)
Interest expense	-	-	354	469
Interest income	-	-	(1,444)	(1,414)
Administrative fee received	-	-	(3,858)	(2,851)
<b>Joint Venture</b>				
Management fees received	(73)	-	-	-
Interest income	(644)	-	-	-
Sales	(521)	-	-	-
Purchases	444	-	-	-
Rental expenses	658	-	-	-
<b>Associate company</b>				
Dividend income	(5,730)	(807)	(5,730)	(807)
<b>Director</b>				
Sale of motor vehicle	-	(264)	-	(264)
Gifted computer and gadgets	-	(18)	-	(18)
Legal and professional service	24	-	24	-

# NOTES TO THE FINANCIAL STATEMENTS

cont'd

## 31. ACQUISITION OF SUBSIDIARIES

### 31.1 Acquisition of subsidiary – Max View Holdings Limited

On 24 October 2016, MEIL, a 51%-owned subsidiary of the Company had acquired 100% of the issued share capital of Max View Holdings Limited ("MVHL"), Hong Kong at a total cash consideration of Hong Kong Dollar One (HKD1.00) only (equivalent to approximately RM0.54) (the "Acquisition").

The above acquisition resulted in MVHL becoming a wholly-owned subsidiary of MEIL, which in turn is the 51%-owned subsidiary of the Company.

#### Acquisition-related costs

The Group incurred acquisition-related costs of RM 10,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

### 31.2 Acquisition of subsidiary – PT Bintang Pesona Jagat

On 15 December 2016, the Group acquired 51% of shares in PT Bintang Pesona Jagat ("BPJ") for RM 102,794,000, satisfied in cash. BPJ principal business activities is manufacturing and supply of packaging materials. The acquisition of BPJ has further expanded the Group's operation into Indonesia.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

#### Identifiable assets acquired and liabilities assumed

	Note	Group 2016 RM'000
Property, plant and equipment	3	34,140
Inventories		13,224
Trade and other receivables		7,130
Deferred tax liabilities		(1,301)
Trade and other payables		(16,622)
Total identifiable net assets		36,571

#### Net cash outflow arising from the acquisition of a subsidiary

	Note	Group 2016 RM'000
Purchase consideration settled in cash and cash equivalents		102,794
Cash and cash equivalents acquired		-
		102,794

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 31. ACQUISITION OF SUBSIDIARIES (continued)

#### 31.2 Acquisition of subsidiary – PT Bintang Pesona Jagat (continued)

##### Goodwill

Goodwill was recognised as a result of the acquisition as follows:-

	Note	Group 2016 RM'000
Total consideration transferred		102,794
Fair value of identified net asset		(36,571)
Intangible assets		(9,741)
Goodwill	4	56,482

The goodwill recognised on the acquisition is mainly attributable to the growth expected of the acquired business.

##### Acquisition-related costs

The Group incurred acquisition-related costs of RM 1,009,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

### 32. DISPOSAL OF AN ASSOCIATE

On 23 December 2016, the Company received a Letter of Offer from Benkert UK to dispose the balance of 30% issued and paid up share capital of 1,500,000 ordinary shares of RM1.00 each in Benkert (Malaysia) Sdn Bhd, an associate company of TWPH.

Details of the disposal are as follows:-

	2016 RM'000
Property, plant and equipment	18,438
Inventories	26,743
Trade receivables	23,467
Other receivables	12,462
Cash and cash equivalents	12,923
	94,033
Trade and other payables	(6,352)
Deferred tax liabilities	(1,790)
Carrying value of net assets	85,891
Group's share of net assets	25,767

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 32. DISPOSAL OF AN ASSOCIATE (continued)

Gain on disposal:-

	<b>2016</b> <b>RM'000</b>
Disposal proceeds	25,767
Cost of investment	(1,500)
Gain on disposal at Company level	24,267
Reversal on consolidation reserves	(23,331)
Gain on disposal at Group level	936

The gain on disposal amounted to RM936,000 was included in other income in the Group's consolidated statement of profit or loss and other comprehensive income.

### 33. DISPOSAL OF SUBSIDIARY

In the previous financial year, the Company announced that it had on 24 May 2015 entered into a strategic joint venture agreement with Toyo (Viet) Paper Product Co. Ltd ("TVP") and Dong Nai Food Industrial Corporation Vietnam ("DOFICO") vide sale of 50% of TVP to DOFICO. Submission for the Amended Investment License was made in December 2015 and although the issuance of the Amended Investment License by the lawful State Authority of Vietnam remains outstanding, the Company considers the transactions to be completed as at 31 December 2015 ("deemed date of disposal") based on the accounting concept of "substance over form" as the issuance of the Amended Investment License is considered to be fundamentally administrative in nature. Hence, the disposal of 50% of TVP to DOFICO for a total cash consideration of USD1,630,000 (RM6,146,000), was recognised in the previous financial year and resulted in a gain of RM2,052,000. As such, TVP is accounted for as a Jointly Controlled Entity of the Company as at 31 December 2015 and is equity accounted.

Details of the disposal are as follows:-

	<b>2015</b> <b>RM'000</b>
Property, plant and equipment	15,325
Inventories	6,897
Trade receivables	3,216
Other receivables	2,698
Cash and cash equivalents	879
	29,015
Trade and other payables	(15,949)
Carrying value of net assets	13,066
Consideration received:-	
Fair value of deferred consideration	6,146
Cash and cash equivalents of subsidiary	(879)
Net cash inflow on disposal of a subsidiary	5,267

## NOTES TO THE FINANCIAL STATEMENTS

cont'd

### 33. DISPOSAL OF SUBSIDIARY (continued)

Gain on disposal:-

	<b>2015</b>
	<b>RM'000</b>
Fair value of deferred consideration	6,146
Net assets derecognised	(13,066)
Fair value of retained interest	6,533
Goodwill	(106)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	2,545
<b>Gain on disposal</b>	<b>2,052</b>

The gain on disposal amounted to RM2,052,000 was included in other income in profit or loss.

### 34. ASSET CLASSIFIED AS HELD FOR SALE

In the previous financial year, a printing machine, which was owned by TVP was dismantled and packed for shipment for the future setting up of the Group's new operations in Middle East (Dubai) to supply to its new customers in Dubai. The aforesaid printing machine was disposed of by TVP to the Company for RM7,079,000 during the financial year and is recorded in the Company as an asset held for sale as management has already been actively acting to setup the Group's new operations in Dubai and the operation is expected to commence within 12 months.

### 35. SUBSEQUENT EVENT

On 7 March 2017, the Company received full payment of the Balance Sum amounting to RM15,267,000 based on the signed Audited Financial Statements for the financial year ended 31 December 2016 of Benkert Malaysia. The audited Net Tangible Asset value of Benkert Malaysia as at 31 December 2016 was RM85,891,000. As such, the final consideration for the Balance Shares is RM25,767,000. All other terms and conditions of the Disposal of Balance Shares remain unchanged. Hence, the disposal of balance shares has been completed.

## NOTES TO THE FINANCIAL STATEMENTS

*cont'd*

### 36. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, are as follows:-

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:-				
- realised	278,007	259,340	78,740	51,142
- unrealised	(32,493)	(35,548)	4,281	(979)
	245,514	223,792	83,021	50,163
Total share of retained earnings of an associate company:-				
- realised	-	24,514	-	-
- unrealised	-	(554)	-	-
Total share of retained earnings of a joint venture				
- realised	(556)	-	-	-
- unrealised	65	-	-	-
	245,023	247,752	83,021	50,163
Less: Consolidation adjustments	(55,031)	(102,649)	-	-
Total retained earnings	189,992	145,103	83,021	50,163

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

## 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 74 to 152 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 on page 153 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Yen Wen Hwa @ Ngan Tzee Manh



Lee Cheow Fui

Petaling Jaya, Selangor

Date: 17 March 2017

## STATUTORY DECLARATION

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

I, **Lam Hoi Khong**, the officer primarily responsible for the financial management of Tien Wah Press Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 153 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 above named Lam Hoi Khong, NRIC No. 701118-10-5871 at Kuala Lumpur in the Federal Territory on 17 March 2017.



Lam Hoi Khong

Before me:

**D. Selvaraj**  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

## to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Tien Wah Press Holdings Berhad and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2016 of the Group and of the Company and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement 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 74 to 153.

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 2016, 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, 1965 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' *Code of Ethics for Professional Accountants* ("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.

## INDEPENDENT AUDITORS' REPORT

to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

cont'd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Key Audit Matters (continued)

<b>Recoverability of the carrying amount of the goodwill and contract value</b>	
Refer to Note 2(f) - Significant Accounting Policies and Note 4 - Intangible assets to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has RM72 million of goodwill and RM19 million of contract value as at 31 December 2016. Goodwill and contract value are allocated to each operating unit expected to benefit from the synergies of the acquisitions. Recoverability of the carrying amount of the goodwill and contract value is a key audit matter due to:-</p> <ul style="list-style-type: none"> <li>the complexity of the cash flow projection in determining the recoverable amount as the projection involves multiple foreign operating units; and</li> <li>significant level of judgement involved in forecasting and discounting of future cash flows, which is the basis of the assessment of the recoverability of goodwill and contract value balances.</li> </ul>	<p>We performed the following audit procedures, among others:-</p> <ul style="list-style-type: none"> <li>We evaluated the Group's budgeting process (upon which cash flow forecasts are based) for appropriate reviewing and approval;</li> <li>We compared the Group's previous year budget against actual results, to ascertain the reliability of the budgeting process;</li> <li>We assessed the appropriateness of the components underlying the calculation of the recoverable amount and performed recalculations to test the mechanical accuracy;</li> <li>We compared the key forecast assumptions, including growth rate, incremental cost, terminal value against historical trends, future business plans and external market analyses, to assess the reliability of management's forecast;</li> <li>We compared the impact of the changes of the key assumptions against the result of the cash flow projection to assess the robustness of the Directors' impairment assessment; and</li> <li>We evaluated the adequacy of the Group's disclosures in respect of the impairment tests, and whether disclosures in relation to the sensitivity of the outcome of the impairment assessment to changes in key assumptions properly reflected the risks inherent in the valuations.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

*cont'd*

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Key Audit Matters (continued)

<b>Recoverability of the carrying amount of property, plant and equipment</b>	
<i>Refer to Note 2(d) - Significant Accounting Policies and Note 3 - Property, Plant and Equipment to the financial statements.</i>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has property, plant and equipment of RM263 million as at 31 December 2016. The recoverability of the carrying amount of the property, plant and equipment is a key audit matter due to:-</p> <ul style="list-style-type: none"> <li>• the presence of an impairment indicator whereby the market capitalisation of the Group on Bursa Malaysia is below the net tangible asset of the Group at reporting period hence there is a risk that the carrying amount of the property, plant and equipment ("PPE") may not be recoverable;</li> <li>• the downsizing of the Group's Australian operations, there is an increased risk of further impairments. This includes the risk idle assets (e.g., land and buildings) which are surplus to requirements and the assumptions over the recoverable amounts that may have changed over time as intentions change and more information is made available;</li> <li>• the complexity of the cash flow projection in determining the recoverable amount as the projection involves multiple foreign operating units; and</li> <li>• significant level of judgement involved in forecasting and discounting of future cash flows, which is the basis of the assessment of the recoverability of property, plant and equipment balance.</li> </ul>	<p>We performed the following audit procedures, among others:-</p> <ul style="list-style-type: none"> <li>• We evaluated the Group's budgeting process (upon which cash flow forecasts are based) for appropriate reviewing and approval;</li> <li>• We compared the Group's previous year budget against actual results, to ascertain the reliability of the budgeting process;</li> <li>• We assessed the appropriateness of the components underlying the calculation of the recoverable amount and performed recalculations to test the mechanical accuracy;</li> <li>• We compared the key forecast assumptions, including growth rate, incremental cost, terminal value against historical trends, future business plans and external market analyses, to assess the reliability of management's forecast;</li> <li>• We compared the impact of the changes of the key assumptions against the result of the cash flow projection to assess the robustness of the Directors' impairment assessment; and</li> <li>• We assessed the Group's identification of assets that are surplus to the requirements of the Australian operations and assessed whether such assets have any recoverable value or possible further use by the business by comparing it with our knowledge of the Group's future plans of those assets.</li> </ul>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

## INDEPENDENT AUDITORS' REPORT

### to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

*cont'd*

#### 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 are as follow:-

- Statement on Risk Management and Internal Control
- Investor Information
- Profile of Directors
- Profile of Senior Management
- CEO's Business Operations Review, Management Discussion and Analysis
- Corporate Governance Statement
- Audit Committee Report
- Corporate Social Responsibility

but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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 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, 1965 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

### to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

*cont'd*

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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 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 and the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and 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 auditor's report. However, future events or conditions may cause the Group and 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, related safeguards.

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.

## INDEPENDENT AUDITORS' REPORT

to the Members of Tien Wah Press Holdings Berhad

(Company No. 340434-K) (Incorporated in Malaysia)

*cont'd*

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### OTHER MATTERS

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

Kuala Lumpur  
17 March 2017



**Lee Yee Keng**  
Approval Number: 2880/04/17(J)  
Chartered Accountant

## ANALYSIS OF SHAREHOLDINGS

as at 28 March 2017

Total number of Issued Share	: 144,742,500
Class of Shares	: Ordinary Shares
Voting Right	: One vote per ordinary share

Size of Shareholdings	No. of Shareholders/ Depositor	% of Shareholders/ Depositor	No. of Share held	% of Issued Capital
1-99	55	1.66	880	0.00
100-1,000	312	9.42	212,945	0.15
1,001-10,000	2,089	63.06	9,014,160	6.22
10,001-100,000	788	23.78	21,451,134	14.82
100,001-7,237,124	67	2.02	34,979,181	24.17
7,237,125 AND ABOVE	2	0.06	79,084,200	54.64
<b>TOTAL</b>	<b>3,313</b>	<b>100.00</b>	<b>144,742,500</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS as at 28 March 2017

Name of Substantial Shareholder	Direct		Indirect	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Singapore Pacific Investments Pte Ltd	43,688,700	30.18	-	-
Tien Wah Holdings (1990) Sdn Bhd	35,395,500	24.45	-	-
New Toyo Lamination (M) Pte Ltd	-	-	35,395,500*	24.45
New Toyo International Holdings Ltd	-	-	79,084,200**	54.64
Yen Wen Hwa @ Ngan Tzee Manh ("Yen Wen Hwa")	-	-	79,084,200#	54.64
Lu Le Nhi	-	-	79,084,200##	54.64
Yen & Son Holdings Pte Ltd	-	-	79,084,200^	54.64

\* Deemed interested by virtue of its shareholdings in Tien Wah Holdings (1990) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

\*\* Deemed interested by virtue of its shareholdings in:-

- i) Singapore Pacific Investments Pte Ltd, its wholly-owned subsidiary; and
- ii) Tien Wah Holdings (1990) Sdn Bhd via its wholly-owned subsidiary, New Toyo Lamination (M) Pte Ltd pursuant to Section 8(4) of the Companies Act 2016

# Deemed interested by virtue of his shareholding in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

## Deemed interested through shares held by her spouse, Yen Wen Hwa and her shareholdings in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

^ Deemed interested by virtue of its shareholdings in New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

## ANALYSIS OF SHAREHOLDINGS

as at 28 March 2017

cont'd

### DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS as at 28 March 2017

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Yen Wen Hwa	-	-	79,084,200 <sup>#</sup>	54.64
Angela Heng Chor Kiang	-	-	-	-
Mej. Jen. (B) Datuk Abdul Kadir bin Nordin	-	-	-	-
Datuk Toh Ah Wah	-	-	-	-
Lee Cheow Fui	-	-	-	-
David Lim Teck Leong	-	-	-	-
Lee Chee Whye <sup>##</sup>	-	-	-	-

<sup>#</sup> Deemed interested by virtue of his shareholdings in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

<sup>##</sup> Lee Chee Whye was appointed as Executive Director of the Company on 1 September 2016

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 28 March 2017

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
1 Singapore Pacific Investments Pte Ltd	43,688,700	30.18
2 Tien Wah Holdings (1990) Sdn Bhd	35,395,500	24.45
3 Kam Loong Mining Sdn Bhd	7,010,000	4.84
4 Foo Khen Ling	2,950,000	2.04
5 Tan Kah Hock	2,100,000	1.45
6 Ang Seng Chin	2,071,000	1.43
7 Tan Kim Onm	1,498,500	1.04
8 Yap Ah Fatt	1,380,000	0.95
9 Lim Khuan Eng	1,315,000	0.91
10 Meng Lee Motors Sdn Berhad	920,000	0.64
11 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for OCBC Securities Private Limited (Client A/C-NR)</i>	835,751	0.58
12 Lim Kian Huat	685,900	0.47
13 Yong Kim Siong	657,300	0.45
14 Lim Seng Qwee	641,620	0.44

## ANALYSIS OF SHAREHOLDINGS

as at 28 March 2017

*cont'd*

**THIRTY LARGEST SHAREHOLDERS/DEPOSITORS** (continued)  
as at 28 March 2017

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
15 Eu Soon Keat	630,000	0.44
16 Lee Kim Lewi	500,000	0.35
17 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Seng Chan (009)</i>	460,000	0.32
18 Yin Earn Chee	432,000	0.30
19 Eu Soon Keat	430,000	0.30
20 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Soo Yow Lee (E-SLY)</i>	430,000	0.30
21 Reuben Tan Cherh Chung	405,000	0.28
22 HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Zurich Insurance Malaysia Berhad (Vulture Fund)</i>	378,000	0.26
23 Chan Heng Koon	372,000	0.26
24 Key Development Sdn Berhad	335,250	0.23
25 Choo Teik Heng	310,000	0.21
26 Ang Teow Cheng & Sons Sdn Bhd	305,000	0.21
27 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Li Cheng Thong @ Lee Chen Thung (E-PDG)</i>	304,000	0.21
28 Ang Mary	303,000	0.21
29 Lim Kean Seng	302,900	0.21
30 Eletechnics Sdn Bhd	300,900	0.21
<b>TOTAL</b>	<b>107,347,321</b>	<b>74.18</b>

## ANALYSIS OF SHAREHOLDINGS

as at 28 March 2017

*cont'd*

### BREAKDOWN OF SHAREHOLDINGS

Type of Ownership	No. of Shareholders	No. of Shares	% of Issued Capital
<b>Malaysian Individual</b>			
Bumiputra	87	261,392	0.18
Chinese	2,633	44,036,179	30.42
Indian	45	399,710	0.28
Other Races	6	26,853	0.02
<b>Subtotal</b>	<b>2,771</b>	<b>44,724,134</b>	<b>30.90</b>
<b>Malaysian Corporate</b>			
Non-Bumiputra	43	11,034,990	7.62
<b>Subtotal</b>	<b>43</b>	<b>11,034,990</b>	<b>7.62</b>
<b>Foreign Individual</b>			
China	2	46,000	0.03
Germany	1	5,900	0.00
Indonesia	2	600	0.00
Japan	1	5,000	0.00
Singapore	22	874,850	0.60
United States of America	1	3,000	0.00
Permanent Resident of Malaysia	11	169,600	0.12
<b>Subtotal</b>	<b>40</b>	<b>1,104,950</b>	<b>0.75</b>
<b>Foreign Corporate</b>			
Hong Kong	1	2,520	0.00
Singapore	1	43,688,700	30.18
Others	2	35,410,800	24.46
<b>Subtotal</b>	<b>4</b>	<b>79,102,020</b>	<b>54.64</b>
<b>Nominee Company</b>			
Malaysian Bumiputra Beneficiaries	214	3,549,040	2.45
Malaysian Non-Bumiputra Beneficiaries	225	4,149,614	2.87
Foreign Beneficiaries	16	1,077,752	0.74
<b>Subtotal</b>	<b>455</b>	<b>8,776,406</b>	<b>6.06</b>
<b>Grand Total</b>	<b>3,313</b>	<b>144,742,500</b>	<b>100.00</b>

## LIST OF PROPERTIES

owned by Tien Wah Press Holdings Group

The properties held by the TWPH Group as at 31 December 2016 are as follows:-

Location	Tenure	Land Area/ Built-up Area (Square feet)	Remaining Lease Period/ Expiry Date	Description/ Existing Use	Net Book Value as at 31 December 2016 RM'000	Age of Building	Date of Acquisition
Plot No.S30605 P.O. Box 263919 Jafza South, Jebel Ali, Dubai, United Arab Emirates	Leasehold	68,932/ 40,892	19 Years/ 05-08-2036	Office/Factory bearing address Plot No. S60305 Jafza South, Jebel Ali, Dubai, United Arab Emirates	13,806	20 years	19-05-2016
Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,658/ 1,374	57 Years/ 22-07-2074	Residential quarters for staff bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan, Malaysia	412	41 years	30-08-2004
PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,650/ 1,840	46 Years/ 10-01-2063	Residential quarters for staff bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan, Malaysia	394	45 years	17-04-2006
Lot 307, 308, 309 Vietnam – Singapore Industrial Park	Leasehold	401,280/ 119,090	37 Years/ 08-08-2054	Office/Factory bearing address 38 Huu Nghi Street, Vietnam – Singapore Industrial Park, Vietnam	13,292	11 years	29-06-2006
Lot 117 Holroyd, Smithfield NSW, Australia	Freehold	358,008/ 150,788	Not applicable	Office/Factory bearing address No. 32 Britton Street, Smithfield, NSW, Australia	46,609	26 years	12-03-1993

## ADMINISTRATIVE DETAILS

### for Tien Wah Press Holdings Berhad's Twenty-Second Annual General Meeting

**Date** : 18 May 2017  
**Time** : 10.30 a.m.  
**Place** : Atlanta East, Level 3, Armada Hotel, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan

#### REGISTRATION

1. Registration will start at 9.30 a.m. at the entrance of Atlanta East, Armada Hotel, Petaling Jaya.
2. Please proceed to the registration table to register yourself for the meeting and join the queue accordingly.
3. Please produce your original National Registration Identity Card ("NRIC") to the registration staff for verification. Please make sure that you collect your NRIC thereafter.
4. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
5. You will be given a wristband and a personalised passcode slip. No person will be allowed to enter the meeting room without the wristband. Please retain the personalised passcode slip for voting. There will be no replacement in the event that you lose or misplace the wristband.
6. After registration, please leave the registration area immediately and proceed to the meeting room.
7. You are not allowed to register on behalf of another person even with the original NRIC of the other person.

#### ENTITLEMENT TO ATTEND AND VOTE

8. Only members whose names appear in the Record of Depositors as at 5.00 p.m. on 11 May 2017 shall be entitled to attend and vote at the Twenty-Second Annual General Meeting ("22<sup>nd</sup> AGM") in respect of the number of shares registered in their name at that time.

#### PROXY

9. If you are a member of the Company at the time set out above, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend, speak and vote at the 22<sup>nd</sup> AGM.
10. Where a member of the Company is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
11. To appoint a proxy, the original Proxy Form which is attached together with the Annual Report 2016 must be completed and signed, sent and delivered to the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan by 17 May 2017 at 10.30 a.m.
12. In the case of a member which is a company, the Proxy Form must be executed either under its seal or under the hand of an officer or attorney duly authorised.

## ADMINISTRATIVE DETAILS

### for Tien Wah Press Holdings Berhad's Twenty-Second Annual General Meeting

*cont'd*

#### ANNUAL REPORT 2016

13. The Annual Report 2016 is available on Bursa Malaysia Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcements and also at the Tien Wah Press Holdings Berhad's website at [www.tienwah.com](http://www.tienwah.com). If you wish to request for printed copy of the Annual Report 2016, please forward your request by completing the Request Form provided by us.

#### VOTING PROCEDURE

14. The voting at the 22<sup>nd</sup> AGM will be conducted on a poll in accordance with Paragraph 8.29A(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd (Company No 11324-H) as Poll Administrator to conduct the poll by way of electronic voting ("e-voting") and Boardroom Business Solutions Sdn Bhd (Company No. 1050657-U) as scrutineers to verify the poll results.
15. E-voting for each of the resolutions as set out in the Notice of 22<sup>nd</sup> AGM will take place only upon the conclusion of the deliberations of all the businesses transacted at the 22<sup>nd</sup> AGM. The registration for attendance will be closed, to facilitate commencement of the poll.
16. E-voting counters will be set up for the purpose of conducting the poll using Tricor e-voting system at the registration counter. Each e-voting counter will be equipped with an iPad and a barcode reader. Each shareholder/proxy will be directed to the e-voting counter with his/her personalised passcode slip which is issued during registration for the 22<sup>nd</sup> AGM.
17. Each shareholder/proxy is invited to cast his/her vote, and the whole polling process for the 22<sup>nd</sup> AGM is expected to be concluded in 30 minutes. Thereafter, the 22<sup>nd</sup> AGM will resume for the declaration of the poll results by the Chairman.

#### FOOD AND BEVERAGE

18. Light refreshment will be served outside Atlanta East Foyer before and after the 22<sup>nd</sup> AGM.

#### PARKING

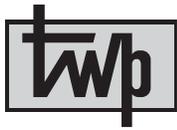
19. Please exchange your parking ticket for a "Complimentary Parking Ticket" at the registration counter at Atlanta East Foyer.

#### ENQUIRY

20. If you have general queries prior to the meeting, please contact the following person during office hours:-

Name	:	Ms Karen Tan Tee Hooi or Nor Faeayzah binti Mat Sani
Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd
E-mail	:	<a href="mailto:karen.tan@my.tricorglobal.com">karen.tan@my.tricorglobal.com</a> or <a href="mailto:nor.faeayzah@my.tricorglobal.com">nor.faeayzah@my.tricorglobal.com</a>
Telephone number	:	+603-2783 9299

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# PROXY FORM

## TIEN WAH PRESS HOLDINGS BERHAD

(Company No.340434-K) (Incorporated in Malaysia)

No. of Shares	
CDS Account No.	

I/We, ..... (full name of shareholder as per NRIC, in capital letters) NRIC No./Company No. .... (new) ..... (old) of ..... (full address) being a member of the above-named Company, hereby appoint ..... (full name of proxy as per NRIC, in capital letters) NRIC No. .... (new) ..... (old) of ..... (full address) or failing him/her ..... (full name of proxy as per NRIC, in capital letters) NRIC No. .... (new) ..... (old) of .....

..... (full address) 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-Second Annual General Meeting ("22<sup>nd</sup> AGM") of the Company, to be held at Atlanta East, Level 3, Armada Hotel, Lot 6, Lorong Utara C, Section 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Thursday, 18 May 2017 at 10.30 a.m. and at any adjournment thereof.

\* Please delete the words "CHAIRMAN OF THE MEETING" if you wish to appoint some other person(s) only to be your proxy(ies).

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast or against the resolutions. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her discretion.)

My/our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
	<b>ORDINARY BUSINESS</b>		
Ordinary Resolution 1	Declaration of a final single-tier dividend of 8.00 sen per ordinary share in respect of the financial year ended 31 December 2016.		
Ordinary Resolution 2	Re-election of Ms Angela Heng Chor Kiang as Director who is retiring under Article 86.1 of the Articles of Association of the Company.		
Ordinary Resolution 3	Re-election of Mr Lee Chee Whye as Director who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 4	Re-appointment of KPMG PLT as Auditors.		
	<b>SPECIAL BUSINESS</b>		
Ordinary Resolution 5	Approval of the payment of Non-Executive Directors' Fees and Benefits Payable to the Non-Executive Directors for the financial year ended 31 December 2016.		
Ordinary Resolution 6	Approval of the payment of Non-Executive Directors' Fees for the financial year ending 31 December 2017 and Benefits Payable to the Non-Executive Directors from 1 January 2017 until the next AGM of the Company.		
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate and Additional Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Dated this ..... day of ..... 2017

Signature/Common Seal

Contact No.: .....

Number of shares held: .....

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:	
	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

### NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where a member appoints two (2) proxies the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, the form of proxy shall be executed under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time appointed for the taking of the poll at the AGM or any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 22<sup>nd</sup> AGM will be put to vote by way of poll.
7. For the purpose of determining a member who shall be entitled to attend this 22<sup>nd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 54 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 11 May 2017. Only a depositor whose name appears on the Record of Depositors as at 11 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 22<sup>nd</sup> AGM dated 26 April 2017.

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AFFIX  
STAMP

THE COMPANY SECRETARY

**TIEN WAH PRESS HOLDINGS BERHAD**

LOT 6.05, LEVEL 6, KPMG TOWER  
8 FIRST AVENUE, BANDAR UTAMA  
47800 PETALING JAYA  
SELANGOR DARUL EHSAN  
MALAYSIA

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TIEN WAH PRESS HOLDINGS BERHAD (340434-K)

9 & 11, Jalan Semangat  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia.

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Fax : +603 7956 1228  
Email : [sales@tienwah.com](mailto:sales@tienwah.com)  
Website : [www.tienwah.com](http://www.tienwah.com)