



ACHIEVING  
**ENDLESS  
POSSIBILITY**

ANNUAL  
REPORT **2017**

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

# Highlights of the Year

	Year ended 31.12.17 RM million	Year ended 31.12.16 RM million	Increase/ (Decrease) %
Revenue	417.3	328.7	27.0
(Loss)/Profit before tax	(37.0)	51.2	(172.3)
(Loss)/Profit for the year	(33.2)	52.6	(163.1)
(Loss)/Profit attributable to owners of the Company	(19.7)	64.2	(130.7)
Total equity attributable to owners of the Company	333.2	381.3	(12.6)
Return on shareholders' funds	(%) (5.9)	16.8	(22.7)
Net (loss)/earnings per share	(sen) (13.6)	44.8	(130.4)
Net dividend per share	(sen) 6.0	12.0	(50.0)

# Financial Calendar

## FINANCIAL YEAR 2017

### ANNOUNCEMENT OF RESULTS

First Quarterly Report - Unaudited consolidated results for the quarter ended 31 March 2017	Monday, 8 May 2017
Second Quarterly Report - Unaudited consolidated results for the quarter ended 30 June 2017	Tuesday, 8 August 2017
Third Quarterly Report - Unaudited consolidated results for the quarter ended 30 September 2017	Thursday, 9 November 2017
Fourth Quarterly Report - Unaudited consolidated results for the quarter ended 31 December 2017	Monday, 26 February 2018

### DIVIDEND

#### Interim Dividend

(Interim single-tier dividend of 2.00 sen per ordinary share)

Date paid Friday, 27 October 2017

#### Proposed Final Dividend

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

Date of entitlement Friday, 8 June 2018

Date payable Friday, 29 June 2018

### ANNUAL REPORT AND ANNUAL GENERAL MEETING

2017 Annual Report Date of issuance Wednesday, 25 April 2018

#### 23<sup>rd</sup> Annual General Meeting

Date of notice Wednesday, 25 April 2018

Date of meeting Monday, 4 June 2018

# Table of Contents

## Corporate Highlights

- Highlights of the Year
- Financial Calendar
- 2 Corporate Vision and Mission Statement
- 4 Notice of Annual General Meeting
- 8 Corporate Information
- 9 Group Corporate Structure
- 10 Corporate Profile

## Financial Highlights

- 13 Five-Year Group Financial Highlights
- 15 Investor Information

## Leadership Quality

- 16 Profile of Directors
- 20 Profile of Senior Management
- 22 Chairman's Review Statement
- 24 CEO's Business Operations Review, Management Discussion and Analysis

## Corporate Governance

- 32 Corporate Governance Overview Statement
- 42 Statement on Risk Management and Internal Control
- 48 Audit and Risk Committee Report
- 52 Directors' Responsibility Statement

## Caring Environment

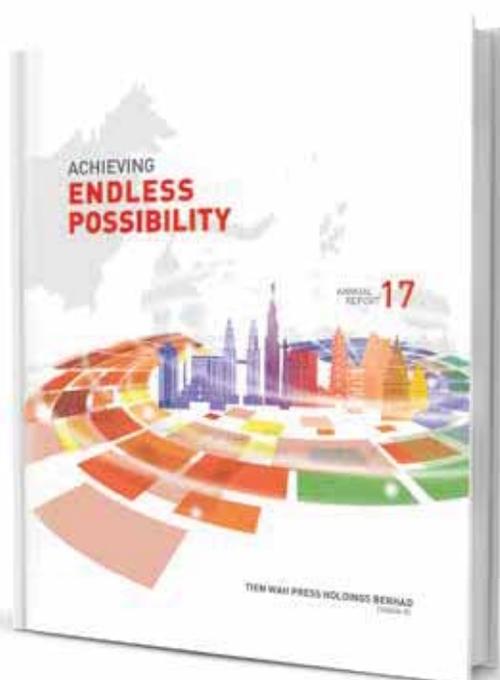
- 54 Sustainability Statement

## Financial Statements 2017

- 68 Directors' Report
- 73 Statements of Financial Position
- 75 Statements of Profit or Loss and Other Comprehensive Income
- 77 Consolidated Statements of Changes in Equity
- 78 Statements of Changes in Equity
- 79 Statements of Cash Flows
- 82 Notes to the Financial Statements
- 148 Statement by Directors
- 148 Statutory Declaration
- 149 Independent Auditors' Report to the Members of Tien Wah Press Holdings Berhad

## Other Information

- 154 Analysis of Shareholdings
  - 158 List of Properties owned by Tien Wah Press Holdings Group
  - 159 Administrative Details for Tien Wah Press Holdings Berhad's Twenty-Third Annual General Meeting
- Proxy Form



## Cover Rationale

"Achieving Endless Possibility" is a statement that indicates TWPH bold progression in seizing opportunities. The iconic buildings represent the continuous growth in our organization and our continuous desire to broaden our business platform through strengthening our regional presence. The endless colours symbolizes different spectrum of our vision in incorporating cutting-edge and technology in our endeavor for excellence.



Total Quality  
Management  
through

T

Working as a  
Team to  
Achieve

W

Profitability &  
Productivity

P

## Corporate Vision

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

## 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 business



## **INNOVATIVE**

Understanding market needs and playing an active role is how we set ourselves apart from the rest

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("23<sup>rd</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 Monday, 4th June 2018 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 2017 together with the Directors' and Auditors' Reports thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To declare a final single-tier dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2017.                       | Ordinary Resolution 1                             |
| 3. | To re-elect Mr Yen Wen Hwa (Ngan Tzee Manh) who is retiring under Article 86.1 of the Articles of Association of the Company.                         | Ordinary Resolution 2                             |
| 4. | To re-elect Mr Tung Kum Hon who is retiring under Article 93 of the Articles of Association of the Company.   | Ordinary Resolution 3                             |
| 5. | To re-elect Mr John David Cambridge who is retiring under Article 93 of the Articles of Association of the Company.                                   | Ordinary Resolution 4                             |
| 6. | To re-elect Dr Ong Eng Leng (Ong Eng Lin) who is retiring under Article 93 of the Articles of Association of the Company.                             | Ordinary Resolution 5                             |
| 7. | To re-elect YM Tengku Djan Ley Bin Tengku Mahaleel who is retiring under Article 93 of the Articles of Association of the Company.                    | Ordinary Resolution 6                             |
| 8. | To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.   | Ordinary Resolution 7                             |

#### As Special Business

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

- |     |   |                       |
|-----|---|-----------------------|
| 9.  | <b>Directors' Fees to the Non-Executive Directors for the financial year ending 31 December 2018</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 2018 and payments thereof.  | Ordinary Resolution 8 |
| 10. | <b>Benefits Payable to the Non-Executive Directors for the period from 5 June 2018 until the next AGM of the Company in year 2019 to be paid quarterly in arrears</b>   |                       |
|     | To approve the Benefits Payable up to an aggregate amount of RM80,000 to the Non-Executive Directors for the period from 5 June 2018 until the next AGM of the Company in year 2019, to be paid quarterly in arrears. | Ordinary Resolution 9 |

# Notice of Annual General Meeting

*cont'd*

## 11. Proposed Renewal of Shareholders' 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 25 April 2018 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 10

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 23<sup>rd</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 25 May 2018. Only a depositor whose name appears on the Record of Depositors as at 25 May 2018 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 23<sup>rd</sup> AGM, a final single-tier dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2017 will be paid to the shareholders on 29 June 2018. The entitlement of the said dividend shall be on 8 June 2018.

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 8 June 2018 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: 25 April 2018

## 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 forty-eight (48) hours before the time set for holding 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 23<sup>rd</sup> AGM will be put to vote by way of poll.

## 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.

# Notice of Annual General Meeting

*cont'd*

## 2. Ordinary Resolution 8 on the Directors' Fees to the Non-Executive Directors for the financial year ending 31 December 2018

Following the study on Non-Executive Directors Pay and Profile, the Board subsequently approved the Remuneration Committee's recommendation for the Directors' Fees for the financial year ending 31 December 2018 to be maintained as the previous financial year. Other than the Directors' Fees from the Company, the Non-Executive Directors do not receive any Directors' Fees from any of the subsidiaries within the TWPH Group.

In the event that the proposed Directors' Fees to the Non-Executive Directors during the above period exceed the estimated amount sought at the forthcoming 23<sup>rd</sup> AGM, approval will be sought at the next AGM for additional Directors' Fees to meet the shortfall.

The payment of the Non-Executive Directors' Fees for the financial year ending 31 December 2018 will only be made if the proposed Ordinary Resolution 8 has been passed at the 23<sup>rd</sup> AGM.

## 3. Ordinary Resolution 9 on the Benefits Payable to the Non-Executive Directors for the period from 5 June 2018 until the next AGM of the Company in year 2019, to be paid quarterly in arrears

Section 230(1) of the Act requires the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, shareholders' approval will be sought at the 23<sup>rd</sup> AGM for the payment of Benefits Payable up to an aggregate amount of RM80,000 to the Non-Executive Directors for the period from 5 June 2018 until the next AGM of the Company in year 2019, to be paid quarterly in arrears.

The Benefits Payable to the Non-Executive Directors comprises meeting allowance only. Other than the Benefits Payable from the Company, the Non-Executive Directors do not receive any Benefits Payable from any of the subsidiaries within the TWPH Group.

In the event that the proposed Benefits Payable to the Non-Executive Directors during the above period exceed the estimated amount sought at the forthcoming 23<sup>rd</sup> AGM, approval will be sought at the next AGM for additional benefits to meet the shortfall.

The payment of the Benefits Payable to the Non-Executive Directors for the period from 5 June 2018 until the next AGM of the Company in year 2019, to be paid quarterly in arrears, will only be made if the proposed Ordinary Resolution 9 has been passed at the 23<sup>rd</sup> AGM.

## 4. Ordinary Resolution 10 on the Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 10 is set out in the Circular to the Shareholders 25 April 2018.

### **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*

*Chief Executive Officer*

**LEE CHEE WHYE**

*Non-Independent Non-Executive Director*

**ANGELA HENG CHOR KIANG**

*Independent Non-Executive Director*

**TUNG KUM HON**

*Independent Non-Executive Director*

**JOHN DAVID CAMBRIDGE**

*Independent Non-Executive Director*

**DR ONG ENG LENG (ONG ENG LIN)**

*Independent Non-Executive Director*

**TENGGU DJAN LEY BIN TENGGU MAHALEEL**

## 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

Lot 6.05, Level 6, KPMG Tower

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

Unit G-3, Ground Floor, Vertical Podium

Avenue 3, Bangsar 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

Fax : +60 (3) 7956 1228

E-mail : hoikhong.lam@newtoyo.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

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

+60 (3) 7956 6743 (Finance)

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 (274) 376 7194, 376 7195

Fax : +84 (274) 376 7089, 376 7459

E-mail : thuy.nguyenlamxuan@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 : clement.soon@newtoyo.com

## 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) 434 3400

E-mail : kuiheng.chong@newtoyo.com

## JOINTLY CONTROLLED ENTITY

**TOYO (VIET) – DOFICO PRINT**

**PACKAGING CO. LTD** (9876782084)

Lot B4, A Street, Binh Chieu Industrial Park

Thu Duc District, Ho Chi Minh City, Vietnam

Tel : +84 (028) 3897 1267

Fax : +84 (028) 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

# Group Corporate Structure

as at 2 April 2018



**TIEN WAH PRESS HOLDINGS BERHAD**  
(Company No.: 340434-K)  
Investment holding  
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

*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*

## 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%

Letting of investment properties

*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 & Principal Activities**

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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 TWPB Group

The TWPB 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, TWPB 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 to New Toyo Lamination (M) Pte Ltd, a deemed substantial shareholder of TWPB, on 4 December 2008.

In 2007, TWPB 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 TWPB. NTIV is an investment

holding company which owns 100% of Alliance Print Technologies Co. Ltd in Vietnam. This acquisition enabled the TWPB Group to enter into Vietnam, a market in Southeast Asia with strong growth, attractive tax regime and low production cost.

On 8 September 2008, TWPB 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, TWPB 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 TWPB 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 TWPB Group's core business.

## Corporate Profile

*cont'd*

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.

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. 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 the remaining 30% share in Benkert (Malaysia) Sdn Bhd ("Berkert Malaysia") to Berkert UK Ltd and would effectively de-consolidate Berkert Malaysia from its Group accounts as at 31 December 2016.



On 15 June 2017 and 20 July 2017, TWPH announced the proposed cessation of the printing business of Anzpac and TWPM respectively in line with the Group's re-organisation of its production footprint in order to improve the Group's strategic positioning to service its customers and reduce operating cost over a longer term.

On 20 March 2018, TWPH, DOFICO and TVDP, have mutually agreed to terminate its Joint Venture Agreement dated 24 May 2015. Upon execution of the Termination Agreement and Transfer Contract, DOFICO shall transfer the 50% of the total charter capital of TVDP and all rights and interest to TWPH. This exercise is expected to be completed by 30 June 2018.



### 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
- Jebel Ali Free Zone Authority in Dubai, United Arab Emirates
- 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 825 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

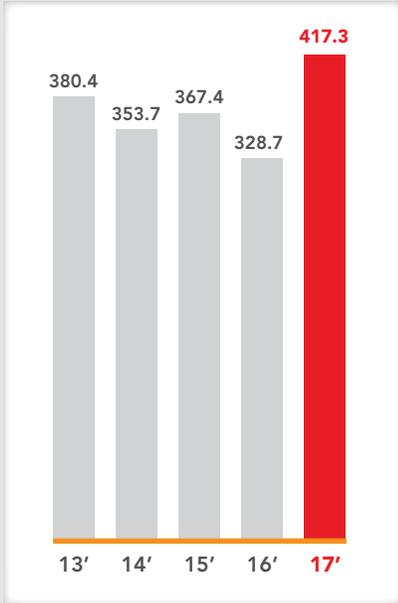
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
<b>PROFITABILITY</b>					
Revenue	417,309	328,704	367,374	353,686	380,371
Results from operating activities	(33,634)	46,840	33,192	19,983	39,479
(Loss)/Profit before tax	(36,970)	51,194	37,622	22,979	41,186
(Loss)/Profit for the year	(33,192)	52,603	35,831	15,820	33,823
(Loss)/Profit attributable to owners of the Company	(19,685)	64,188	33,975	13,531	24,526
Net annual dividends	9,371	17,369	17,369	6,755	12,332
<b>KEY BALANCE SHEET DATA</b>					
Share capital	156,187	144,743	96,495	96,495	96,495
Total equity attributable to owners of the Company	333,161	381,319	284,271	236,651	229,149
Intangible assets	80,178	91,497	19,443	26,874	32,697
Property, plant and equipment	249,008	262,936	242,099	236,965	221,075
Investment properties	43,451	-	-	-	-
Investment in joint venture	6,455	5,938	6,464	-	-
Investment in an associate	-	-	25,460	20,171	16,393
Other non-current assets	5,920	10,158	11,153	1,218	3,711
Current assets	266,387	314,085	199,087	181,639	176,078
<b>Total assets</b>	<b>651,399</b>	<b>684,614</b>	<b>503,706</b>	<b>466,867</b>	<b>449,954</b>
Non-current liabilities	103,247	108,964	25,130	30,867	31,427
Current liabilities	180,754	146,661	132,137	131,271	118,041
<b>Total liabilities</b>	<b>284,001</b>	<b>255,625</b>	<b>157,267</b>	<b>162,138</b>	<b>149,468</b>
Loans and borrowings	134,011	138,161	71,606	73,961	72,901
Capital expenditure	103,790	37,630	14,612	31,967	13,998
Cash generated from operations	67,888	53,898	69,634	66,027	58,278
<b>SHARE INFORMATION</b>					
Gross (loss)/earnings per share (sen)	(25.54)	35.71	32.56	23.81	42.68
Net (loss)/earnings per share (sen)	(13.60)	44.77	29.40	14.02	25.42
Net assets per share (RM)	2.30	2.63	2.95	2.45	2.37
Net dividends per share (sen)	6.00	12.00	18.00	7.00	12.78
Share price as at end quarter or FYE (RM)	1.54	1.76	2.57	1.85	2.68
<b>FINANCIAL RATIOS</b>					
Return on revenue (%)	(4.72)	19.53	9.25	3.83	6.45
Return on paid-up capital (%)	(12.60)*	44.35	35.21	14.02	25.42
Return on shareholders' funds (%)	(5.91)	16.83	11.95	5.72	10.70
Gearing (net borrowings to shareholders' funds) - times	0.40	0.36	0.25	0.31	0.32

\* Paid-up capital included share premium pursuant to Section 618(2) of the Companies Act 2016

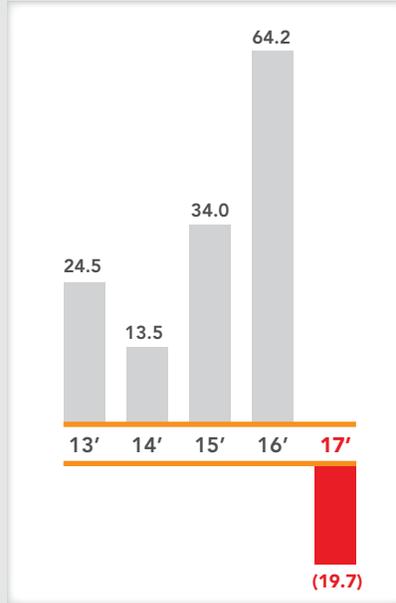
# Five-Year Group Financial Highlights

cont'd

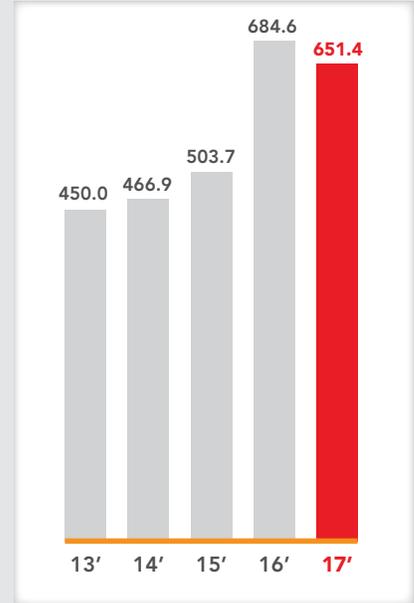
**Revenue**  
Profitability  
(RM'million)



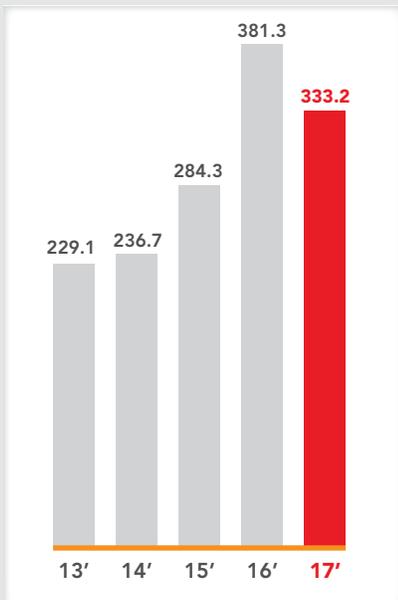
**(Loss)/Profit Attributable to Owners of the Company**  
Profitability  
(RM'million)



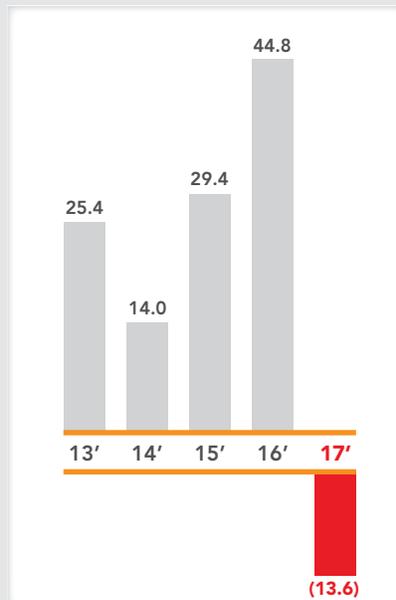
**Total Assets**  
Key Balance Sheet Data  
(RM'million)



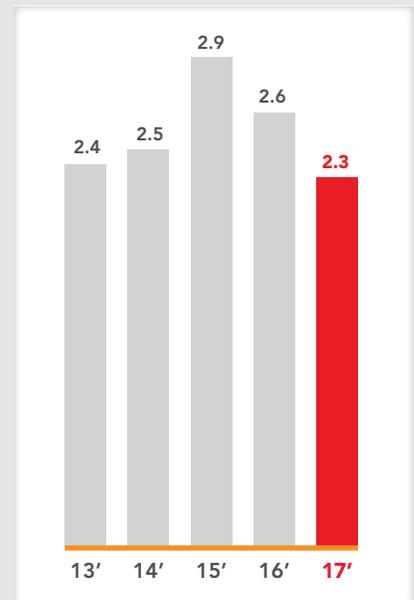
**Total Equity Attributable to Owners of the Company**  
Key Balance Sheet Data  
(RM'million)



**Net (Loss)/Earnings Per Share**  
Share Information  
(Sen)



**Net Assets Per Share**  
Share Information  
(RM)



## Investor Information

### STOCK MARKET PERFORMANCE IN 2017

FTSE Bursa Malaysia Composite Index ("FBM KLCI") started 2017 at 1,636 points.

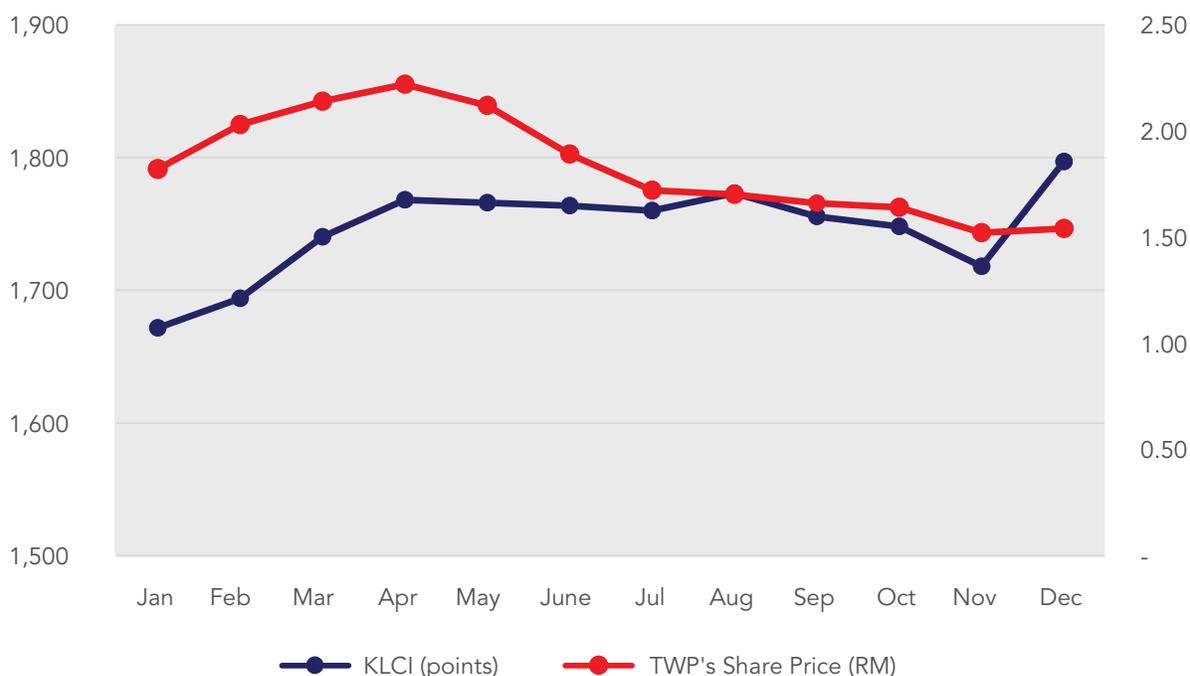
During January 2017, FBM KLCI started the year on a stronger note, in line with regional markets, driven by the rising crude oil prices and optimism over US President Donald Trump's pro-growth initiatives.

As a result of the overall growth in the economy, macroeconomic indicators such as recovery in crude oil prices and the value of the Malaysian Ringgit, FBM KLCI reached the highest level of 1,797 points towards a resilient market environment, on 29 December 2017.

FBM KLCI closed at 1,797 points as at 29 December 2017, recording an overall rise of 161 points or 9.8% from the start of 2017.

### TIEN WAH PRESS HOLDINGS ("TWPH") SHARE PRICE PERFORMANCE IN 2017

Month End TWP's Share Price and KLCI



TWPH share price started at the beginning of the year at RM1.76 and rose to its peak at RM2.25 in April and May 2017 which mainly supported by high dividend yield of 7% based on TWPH opening share price.

Despite the appreciation in value of the Malaysian Ringgit and the growth in Malaysian economy, TWPH share price slid down to its lowest price of RM1.50 in December 2017 and closed at RM1.54 by end of 2017 due to the recorded loss by the Group as compared to 2016 following the cessation of the remaining printing business of its 51%-owned subsidiary, Anzpac Services (Australia) Pty Ltd and decision to cease the printing business of its wholly-owned subsidiary, Tien Wah Press (Malaya) Sdn Bhd. TWPH's value in terms of market capitalisation drop accordingly by 12.5% or RM31.8 million to RM222.9 million as at the end of 2017.

## Profile of Directors



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

*Executive Director, Chairman  
Singaporean, Age 69 years, Male*

Mr Yen 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 accumulated more than 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 five (5) board meetings held in the financial year ended 31 December 2017.

## Profile of Directors

*cont'd*



### MR LEE CHEE WHYE

*Executive Director,  
Chief Executive Officer  
Singaporean, Age 51 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 18 years of senior management, operations and marketing experience. He was the Executive Director and CEO of NTIH, a major shareholder and ultimate holding company of TWPH until 1 August 2014. He was seconded to TWPH to serve as the CEO 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 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 five (5) board meetings held in the financial year ended 31 December 2017.

### MS ANGELA HENG CHOR KIANG

*Non-Independent Non-Executive Director  
Singaporean, Age 59 years, Female*



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

She 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 CEO of NTIH. NTIH is a major 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 five (5) board meetings held in the financial year ended 31 December 2017.

## Profile of Directors

cont'd



### **MR TUNG KUM HON**

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

Mr Tung was appointed to the Board of the Company on 1 August 2017. He serves as the Chairman of the Audit and Risk Committee and a member of the Nomination Committee. He had earlier served as the Non-Executive Director, Chairman of the Nomination Committee and a member of the Audit Committee and Investment and Finance Committee of the Company from 20 November 2006 to 7 June 2012.

He is a qualified Chartered Accountant and Certified Public Accountant and a member of the Malaysia Institute of Certified Public Accountants and Malaysian Institute of Accountants. He has more than 15 years of experience in public accountancy, business advisory and transaction services with PricewaterhouseCoopers, Hong Kong and Malaysia and KPMG Singapore. He was formerly the Executive Director and CEO of Bellzone Mining Plc (AIM), Executive Director and Chief Finance Officer of Shanghai Asia Holdings Ltd, Chief Operating Officer of Bintang Melewar Group of Companies, Senior Vice President of Corporate Finance and Development and Special Assistant to the Executive Chairman of NTIH, a major shareholder and ultimate holding company of TWPH.

He is currently an Executive Director and CEO of Geo Energy Resources Ltd, a company listed on the Main Board of the Singapore Stock Exchange.

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 two (2) board meetings held in the financial year ended 31 December 2017 after his appointment.

### **MR JOHN DAVID CAMBRIDGE**

*Independent Non-Executive Director  
Australian, Age 73 years, Male*



Mr Cambridge was appointed to the Board of the Company on 18 May 2017. He serves as the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and the Nomination Committee.

He holds a Bachelor of Economics degree from the Monash University, Australia and is a Graduate of the Royal Military College, Duntroon, Australia (1963-1966) as well as Australian Staff College (1977) and the "Harvard" Advance Management Programme at the University of Hawaii (1984). He served as an officer in the Australian Army (1967-1980) and he was on active duty in the Vietnam conflict (1970-1971). Following his service in the Army, he was the head of various departments in the Government of South Australia, including the Economic Development Authority of South Australia (1994-1996), the Department of Industry and Trade (1997-2001), the Office of Asian Business (1998) and the SA Centre for Manufacturing Pty Ltd (1987-1993). He had served on numerous Federal Government and National bodies including the Industry Research and Development (IR&D) Board, the Intellectual Property Council, the Australian Industry (AUSINDUSTRY) Board, Standards Australia Association (SAA) Board and Board of the National Association of Testing Authorities (NATA).

He currently serves as a Director of various Australian subsidiaries of CK Life Sciences LL, Hong Kong commencing 2002 and he was the Chairman and CEO of "JD Cambridge Corporate Service" Pty Ltd (2001-2008). He is the author of over 30 papers on economic development and manufacturing.

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 two (2) board meetings held in the financial year ended 31 December 2017 after his appointment.

## Profile of Directors

*cont'd*



### **DR ONG ENG LENG (ONG ENG LIN)**

*Independent Non-Executive Director*

*Malaysian, Age 78 years, Male*

Dr Ong was appointed to the Board of the Company on 18 May 2017. He serves as the Chairman of the Nomination Committee and a member of Audit and Risk Committee and Remuneration Committee.

He holds a Bachelor of Medicine and Bachelor of Surgery degree from the University of Sydney, Australia. He was the owner and Director of Orchard Medical Centre from 1975 to 2002.

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 two (2) board meetings held in the financial year ended 31 December 2017 after his appointment.

### **YM TENGKU DJAN LEY BIN TENGKU MAHALEEL**

*Independent Non-Executive Director*

*Malaysian, Age 41 years, Male*



Tengku Djan was appointed to the Board of the Company on 26 February 2018. He serves as a member of Audit and Risk Committee.

He holds a Bachelor degree in Automotive Engineering from Wilhelm Maybach Institute, Germany. He had earlier served as an Apprentice Trainee in Munich Airport AG, Germany (1996-1997) and Dr. Ing. Porsche AG, Germany (1998-1999). He has more than 18 years of experience in the automotive industry. Prior to this current appointment as Head of Company of Lotus Cars Malaysia Sdn Bhd commencing 2014, he was the Vehicle Dynamics Engineer, Lead Development Engineer and Certified Lotus Driver Trainer of Lotus Engineering, United Kingdom (1999-2002), Senior Technical Development Engineer, Lead Chassis Engineer and Specialised Automotive Consultant of Lotus Engineering, Malaysia (2002-2007) and Head of Proton Motorsports Division, Technical Director, Lead Chassis Engineer, Head of R3 of Perusahaan Otomobil Nasional Berhad, Malaysia (2007-2017).

Tengku Djan is the son of YM Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff, an Independent Non-Executive Director of NTIH, a major shareholder and ultimate holding company of TWPH. Tengku Mahaleel was the Executive Chairman of TWPH from 20 November 2006 to 31 August 2010. He was then re-designated as Non-Executive Chairman on 1 September 2010, a position which he assumed until he retired from the Board on 16 February 2015. Save as disclosed above, Tengku Djan does not have any other conflict of interest 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



### MR LAM HOI KHONG

*Group Finance Director  
Tien Wah Press Holdings Berhad  
Malaysian, Age 47 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.

He was attached to Petaling Tin Berhad ("PTB") for a period of over 13 years since June 2003. He joined PTB as General Manager of Finance and Administration before being promoted to Chief Financial Officer from November 2007 to January 2017. He spent his early formative years at PricewaterhouseCoopers before assuming higher commercial roles as Finance Manager and Group Financial Controller with Oriental Holdings Berhad and Winnerpac Group, Gabon respectively over a period of 7 years from 1997 to 2003. He has more than 20 years of working experience in the areas of finance and accounting, corporate finance, auditing and taxation.

He joined TWPH on 3 February 2017 as the Group Finance Director and is responsible to spearhead the Finance and Risk Management functions of the Group. He provides 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 41 years, Male*



After being called to the Malaysian Bar, Mr Yeo began his career as an Advocate and Solicitor. He holds a degree in Law (LL.B) from IIU Law, Malaysia. He then joined BAT in 2001 and he 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, he 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.

He joined TWPH 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 he worked for 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.

He joined TWPH on 1 May 2015 as Group Business Development Director. In his new role he will be 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.

### MR LLOYD YOONG LOONG YAN

*Group Operations Director*

*Tien Wah Press Holdings Berhad*

*Malaysian, Age 46 years, Male*



Mr Yoong is a bachelor's degree holder from University of Western Australia, Perth, with a double major in Computer and Mathematical Science.

He brings with him more than 25 years of experience in the printing and packaging industry and has held multiple responsibilities in the areas of scheduling, production, customer and technical service, purchasing, logistic and project development. His portfolio includes consolidation of organisations' supply chain activities, driving Continuous Improvement and Total Productive Maintenance programmes, and leading a site toward ISO 14001 and OHSAS 18001 certification.

He had earlier joined TWPM in 2009 as Head of Supply Chain and was promoted as General Manager in 2011. He re-joined TWPM in

2016 as General Manager-Operations before taking on the new role in TWPH as Group Operations Director on 1 January 2018. In his new role, he will be responsible to the profitability, product & service quality and long-term business sustainability of 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.

## Chairman's Review Statement



### Dear Shareholders,

On behalf of the Board of Directors of Tien Wah Press Holdings Berhad ("TWPH"), it is with great pleasure that I submit to our loyal shareholders, the Group's performance for the financial year ended 31 December 2017.

**YEN WEN HWA**  
Chairman

### PERFORMANCE REVIEW

The year under review was one where TWPH Group faced a constantly changing business and operating environment. This time the changes came with much greater speed than we have seen before.

A significant development that has emerged is the fundamental economic shift to the east from the west. This created a massive and rising middle class and economic imminence, which means a larger market. This combined with market openings and new technologies including the internet and social media, has created new challenges, whilst at the same time offering new opportunities, both to us and our core customers in the cigarette and non-cigarette industries.

TWPH's performance for 2017 should be viewed based on the above scenario.

The planned production shift from Australia to Vietnam of our key customer to lower prices, had impacted the sustainability of Anzpac. We had tried unsuccessfully to sustain the operations but the size of the non-cigarette business was not large enough and it became unprofitable. Thus, the difficult decision to exit Australia was taken which impacted our bottom line significantly. This exercise alone cost TWPH RM26.4 million for retrenchment and impairment of property, plant and equipment (PPE).

Another significant event that occurred in the year was the decision of our key customer to shift production from Malaysia to Indonesia following the consolidation of their packing plant footprints in Asia. This was when we were given the opportunity to acquire BPJ Indonesia which finally gave us an entry to ASEAN's biggest economy with a fixed term supply contract. This alone significantly increased our revenue by 27%.

At the same time, the exit from Malaysian production by our major customer significantly impacted TWPM continued sustainability. This again impacted significantly the bottom line when we then had to take a painful decision to cease production operations in Malaysia. The retrenchment and PPE impairment set us back by RM11.9 million.

The third factor that hit our bottom line was the FOREX fluctuations especially the weakening of the US dollar which was beyond our control.

Our planned market expansion into the Middle East resulted in our presence in Dubai which I am pleased to report, has started commercial production with our first cigarette related customer.

# Chairman's Review Statement

*cont'd*

With the changes, capital expenditure ("CAPEX") was also required for new machines and upgrades which was the highest CAPEX ever committed in order to ensure that the future business is secured. Much of these and other operating costs incurred for new operations (explained in the Group CEO Review) had resulted in an overall loss attributed to owners of the Company of RM19.7 million.

Despite the financial impact of the foregoing, TWPH as an ongoing concern, still generated positive cashflow of RM67.9 million.

It is important to note that these strategic moves for the future, have placed TWPH in a very strong supplier position as we now have two low-cost based production centers in ASEAN's fastest growing economies and an entry into a large market in the Middle East.

In addressing the risk of a single industry dependency, Lum Chang Tien Wah Property Sdn Bhd (LCTWP), a joint venture company for a mixed commercial development will be moving ahead and will provide us another know-how in a new but important industry for us.

With these in place, our focus for the coming years is to optimize our whole value chain to achieve not only cost but production efficiencies as a whole to continue our lead as a key strategic supplier to the industry, with our widespread ability to serve the customers' needs.

## DIVIDENDS

I wish to express our deepest gratitude to our shareholders for the continued belief and trust on our Board and management, despite the weak results due to the reasons I have outlined above. In appreciation of your support, the Board has recommended a final single-tier dividend of 4.00 sen per ordinary share, making the dividend payout of 6.00 sen per ordinary share for the year under review.

## APPRECIATION

In closing, I would like to put on record my utmost gratitude to those who have left us, and also to management and staff who contributed to the Group, and the continued strong support from our customers and business associates.

Last but not least, my appreciation is also extended to the Board of Directors for their strategic counsel and business insights towards the overall stewardship of the Group.

Thank you.

**YEN WEN HWA**  
*Chairman*

# CEO's Business Operations Review, Management Discussion & Analysis



## 2017 PERFORMANCE OVERVIEW

Whilst the strength of the US Dollar declined from the beginning of 2017, on average it was still higher than 2016, resulting in a net positive impact to the overall results, which mitigated the overall decline in sales volume to the Group's key customer.

**LEE CHEE WHYE**  
Chief Executive Officer

TWPH Group recorded an increase in revenue from RM328.7 million to RM417.3 million in FY2017 largely due to the acquisition of BPJ, Indonesia that was completed on 16 December 2016 and recorded a net loss attributable to shareholders of RM19.7 million (FY2016 – profit of RM64.2 million). The significant reduction in net profit was due to total retrenchment and impairment cost of RM38.3 million.

With the weakening of the US Dollar having an adverse impact to the Group and challenges faced with the closure of the Australian and the impending closure of the Malaysian operations and transfer of the printing business, the Group managed to maintain a reasonable profit position of RM18.6 million after adjusting for the cost of retrenchment and impairment associated with the closure of both the operations units.

The results were achieved as a result of strong and proactive management although the Group operates in a challenging and volatile industry where legislative changes, increasing excise duties and prevalence of illicit products continue to have a negative impact.

### 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:-

	2017		2016	
	Unit Measure	Weighted Average	Unit Measure	Weighted Average
Number of Gravure printers	13	12	13	8
Number of Available Gravure Hours	113,880	105,120	113,880	70,080
Number of Production Gravure Hours	46,496	46,496	37,005	37,005
Utilisation %	40.8	44.2	32.5	52.8

Notes:-

- Simple count and weighted average for gravure printers in use in 2017 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 weighted average number of gravure printers is largely due to full operation of Gravure printers in BPJ, Indonesia.

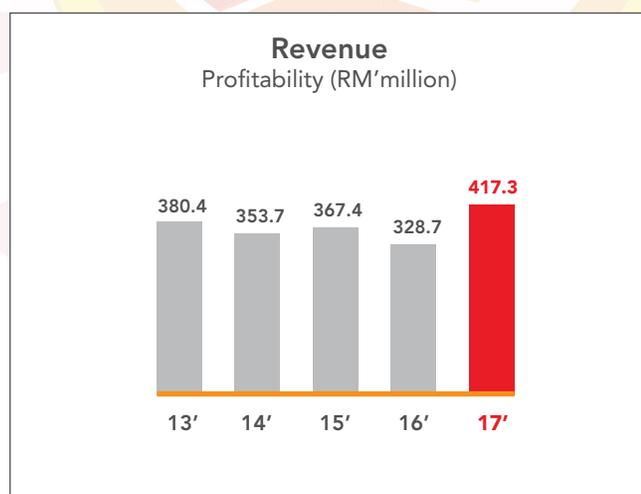
The reduction in the weighted average utilisation % is due to an increased number of Gravure printers and delay in the commencement of APTF, Dubai's operation.

# CEO's Business Operations Review, Management Discussion & Analysis

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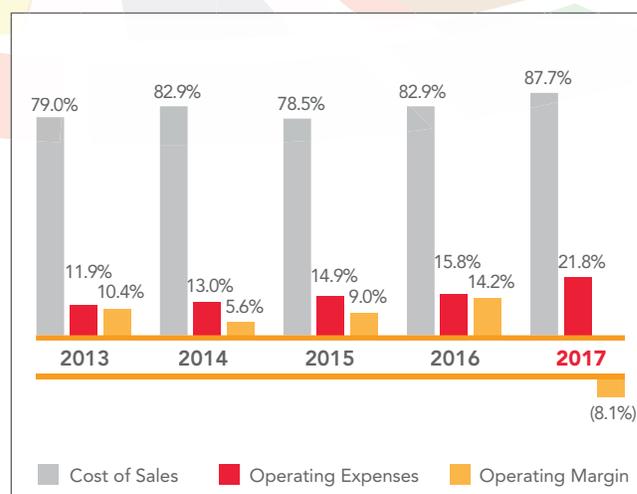
## REVENUE PERFORMANCE



Total revenue amounted to RM417.3 million (FY2016 – RM328.7 million) an increase of RM88.6 million or 27.0%. The increase was mainly due to the acquisition of BPJ, Indonesia that was completed on 16 December 2016.

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 increased in FY2017 by RM97.7 million largely as a result of the reasons stated above. On the other hand, non-tobacco revenue decreased in FY2017 by RM9.1 million as a result of closure of the Australian operations. Once the Litho operations are stabilised in Vietnam, efforts will be made to secure non-tobacco customers, depending on the available spare capacity.

## COST AND MARGIN



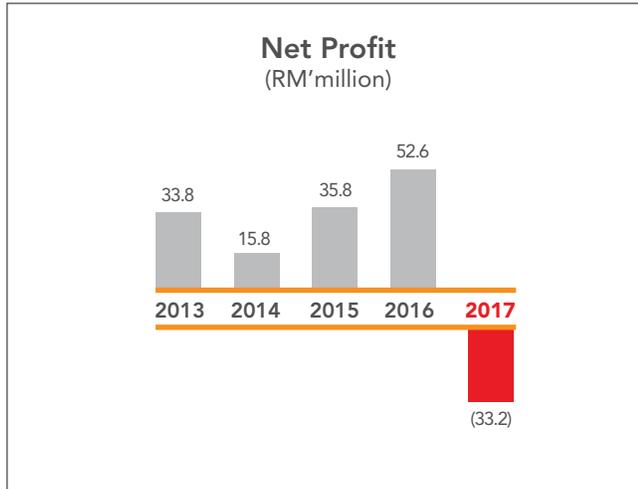
Cost of sales as a percentage of revenue increased from 82.9% to 87.7% in FY2017 due to the lower margin of sales to the Indonesian operation's key customers as a result of a commitment to maintain the selling price for a period of three (3) years as part of the concession to secure the acquisition of BPJ and the 6 years supply contract.

In FY2017, the total cost base increased by 40.8% to RM457.0 million (2016 – RM324.5 million) and revenue increased by 27.0% as highlighted above. Operating expenses against revenue increased from 15.8% to 21.8%, as a result of redundancy and impairment cost of RM31.0 million and RM 7.3 million, respectively following the Group's closure of the Australian and provisions made for the impending closure of Malaysian operations during the financial year. As a result of BPJ's commitment to maintain the selling price for 3 years post acquisition, operating profit dropped to a loss of RM33.6 million or negative 8.1% of revenue in FY2017 (FY2016: RM46.8 million or 14.2%).

# CEO's Business Operations Review, Management Discussion & Analysis

cont'd

## NET PROFIT



TWPH reported a net loss of RM33.2 million (FY2016 – profit of RM52.6 million), a reduction of RM85.8 million or 163.1%. The decrease in net profit was due to:-

- closure cost of Anzpac, Australia of RM26.4 million;
- provisions for closure cost of TWPM, Malaysia of RM11.9 million;

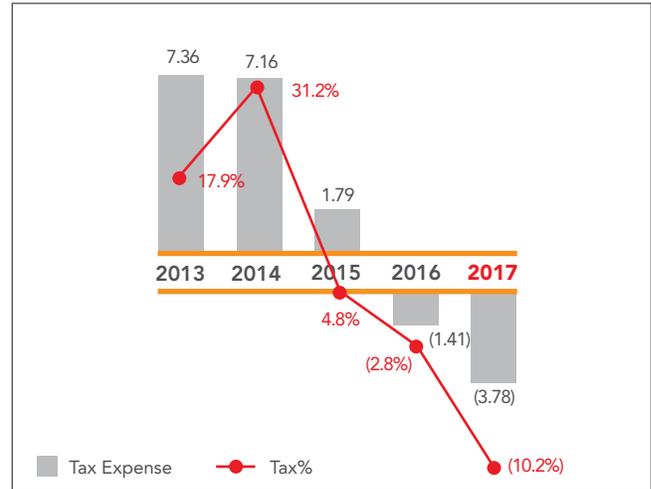
which were mitigated by:-

- Gain on disposal of land and building in FY2016 of RM32.5 million.

On an adjusted basis, TWPH would have reported a net profit of RM5.1 million (FY2016 – RM20.1million), a reduction of RM15.0 million or 74.6%.

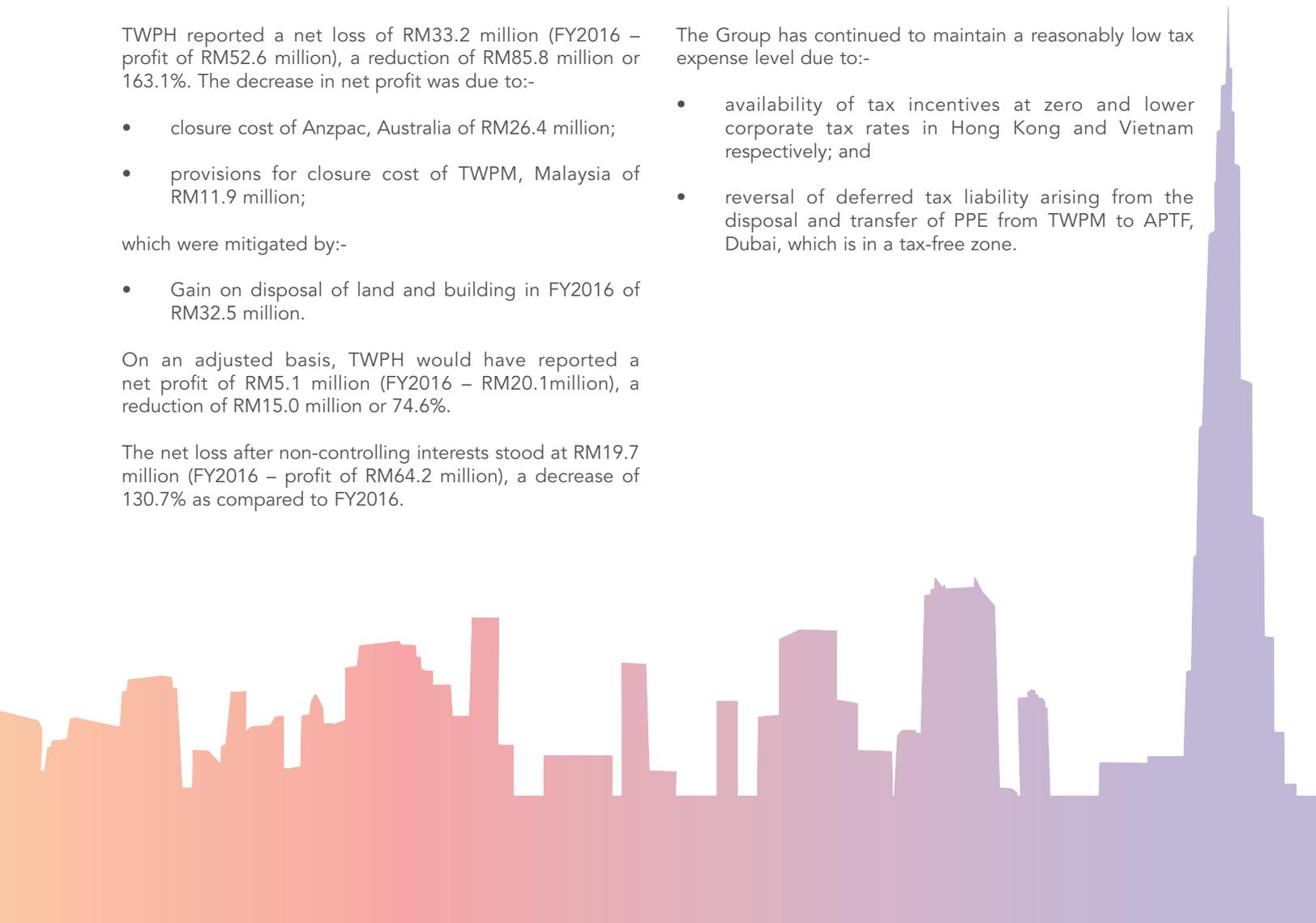
The net loss after non-controlling interests stood at RM19.7 million (FY2016 – profit of RM64.2 million), a decrease of 130.7% as compared to FY2016.

## 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 Hong Kong and Vietnam respectively; and
- reversal of deferred tax liability arising from the disposal and transfer of PPE from TWPM to APTF, Dubai, which is in a tax-free zone.



# CEO's Business Operations Review, Management Discussion & Analysis

cont'd

## CASH FLOW MANAGEMENT

CONSOLIDATED CASH FLOW STATEMENT	12 months 2017 RM'000	12 months 2016 RM'000	Increase/ (Decrease) %
(Loss)/Profit from operations	(36,970)	51,194	(172.2)
<b>Adjustment for:-</b>			
Net interest expense	2,852	223	1,178.9
Gain on disposal of associate	-	(936)	(100.0)
<b>Property, plant and equipment</b>			
- Depreciation	36,400	26,604	36.8
- Gain on disposal	(34)	(32,533)	(99.9)
- Write off	-	412	100.0
Inventory write down/off	4,581	1,192	284.3
Retirement benefits provided	106	39	171.8
Redundancy expenses	31,046	12,436	149.6
Provision for annual leaves	429	2,037	(78.9)
Liability for long-service leave	430	141	205.0
Impairment of property, plant and equipment	7,280	-	-
Share of profit after tax for associate	-	(5,102)	(100.0)
Share of loss after tax for joint venture	484	525	(7.8)
Amortisation of intangible assets	4,334	1,401	209.4
Unrealised foreign exchange loss/(gain)	4,410	(2,118)	(308.2)
Changes in working capital	12,540	(1,617)	(875.5)
Cash generated from operations	67,888	53,898	26.0
Interest received	3,673	1,945	88.8
Employee benefits used	(36,460)	(17,217)	111.8
Income tax paid	(2,413)	(3,390)	(28.8)
Net capital expenditure	(103,790)	(37,630)	175.8
Acquisition of subsidiary	-	(102,794)	(100.0)
Proceed from disposal of property, plant and equipment	11,633	8,409	38.3
Proceed from disposal of associate company	15,267	10,500	45.4
Net Investing activities	(1,003)	(5,554)	(81.9)
Renounceable Rights Issue	-	48,248	100.0
Dividend paid	(14,474)	(24,348)	(40.6)
Net financing activities	23,097	65,431	(64.7)
Decrease in cash and cash equivalents	(36,582)	(2,502)	(5,424.3)
Exchange differences on translation of opening balance	(2,445)	3,235	(175.6)
Cash and cash equivalents at 1 January	71,958	71,225	1.0
Cash and cash equivalents at 31 December	32,931	71,958	(54.2)

# CEO's Business Operations Review, Management Discussion & Analysis

cont'd

The closing cash and cash equivalents amounted to RM32.9 million, decrease of RM39.0 million from FY2016.

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

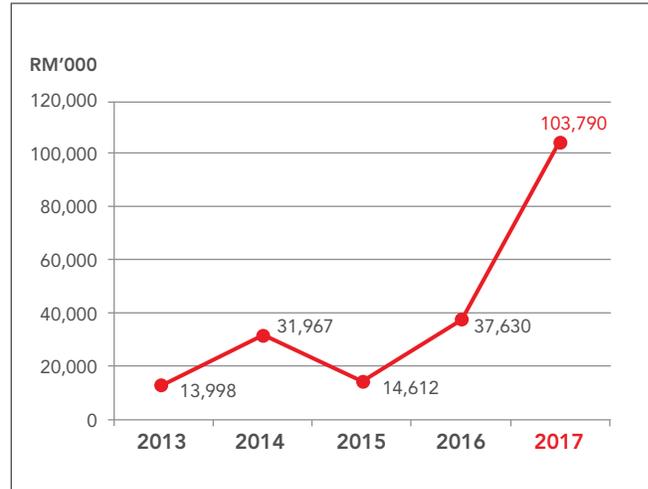
- Loan for BPJ, Indonesia for new CAPEX and new operations site of RM11.7 million; and
- Loan for APT, Vietnam for CAPEX of RM42.0 million

which was used or mitigated by:-

- Retrenchment in Anzpac, Australia of RM19.7 million;
- Retrenchment in TWPM, Malaysia of RM4.1 million;
- Purchase of two (2) new Gravure printers, new site preparation, renovation and other CAPEX for BPJ, Indonesia of RM26.0 million;
- Purchase of one (1) new Litho printer and other CAPEX for APT, Vietnam of RM68.2 million;
- Early loan repayment of RM47.1 million (USD11.0 million) taken for the acquisition of BPJ, Indonesia; and
- Contribution of RM1.0 million cash call as joint venture partner for LCTWP for the acquisition and development of the Jalan Semangat land.



## CAPITAL EXPENDITURE ("CAPEX")



## PERFORMANCE OF ASSOCIATED AND JOINT VENTURE COMPANIES

### 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 FY2017 was RM20.5 million with a profit after tax of RM1.0 million, as a result of the delay in the transfer of purchase requirements by the joint venture partner to TVDP as agreed in the joint venture agreement.

On 20 March 2018, based on mutual agreement, TWPH acquired the balance 50% equity from DOFICO and will be then consolidated as a wholly owned subsidiary.

## CEO's Business Operations Review, Management Discussion & Analysis

*cont'd*

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

The principal activity of LCTWP is investment holding. Tien Wah Properties Sdn Bhd ("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 in Jalan Semangat, Petaling Jaya and to jointly undertake development of a mixed use commercial development.

LCTWP unaudited turnover for the period ended 31 December 2017 was RM2.8 million and loss after tax of RM1.6 million. LCTWP is still in the planning and approval stage for the proposed mixed-use commercial development for the land in Jalan Semangat, Petaling Jaya and is expected to commence contribution after FY2018.



With the changes as highlighted by the Chairman, the Group is executing its strategies to ensure a firm foundation for the future of the Group to sustain its business well into the longer-term future.

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. I wish to convey my personal gratitude to all the staff that have assisted in meeting the challenges from the activities in the year and moving forward. In addition, the Group are also indebted to the staff that have sadly retrenched as a result of rationalization plans for their years of service, which has contributed to the growth and success of the Group.

**LEE CHEE WHYE**  
*Chief Executive Officer*



# CEO's Business Operations Review, Management Discussion & Analysis

cont'd



Pt. Bintang Persona Jagat



Alliance Print Technologies FZE



Alliance Print Technologies Co. Ltd



Toyo (Viet) – Dofico Print Packaging Co. Ltd



## **ENSURING PRINTING EXCELLENCE**

Our growing capabilities have enabled us to effectively address new requirements and rising standards in the printing segment

## Corporate Governance Overview Statement

This Corporate Governance Overview Statement of Tien Wah Press Holdings Berhad (“TWPH” or the “Company”) is produced pursuant to paragraph 15.25(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Listing Requirements”). In inscribing this Corporate Governance Overview Statement, guidance was drawn from Practice Note 9 of Bursa Malaysia Listing Requirements and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad.

The Corporate Governance Overview Statement is complemented with a Corporate Governance Report, based on a prescribed format as enshrined in Paragraph 15.25(2) of the Bursa Malaysia Listing Requirements so as to provide a detailed articulation on the application of TWPH’s corporate governance practices in relation to the Malaysian Code on Corporate Governance (“MCCG”). The Corporate Governance Report is available on the Company’s website, [www.tienwah.com](http://www.tienwah.com) as well as via an announcement on the website of Bursa Malaysia Berhad.

This Corporate Governance Overview Statement should also be read in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Reports on Board Committees and Sustainability Statement) as the application of certain corporate governance enumerations may be more evidently manifested in the context of the respective statements respectively.

### CORPORATE GOVERNANCE APPROACH

The Board of Directors (the “Board”) of TWPH is committed to ensuring that the highest standards of corporate governance are practiced and maintained throughout the Company. The Board views corporate governance as synonymous with four key concepts: **Transparency, Accountability, Integrity and Corporate Performance**. The Board believes that embedding a high standards of corporate governance practices will create, nurture and deliver long-term sustainable shareholders’ value.

TWPH’s overall approach to corporate governance is to:

- establish processes and structures that enables the Board to set the “tone at the top”, ensuring long term sustainability and profitability of the Company;
- drive the application of good corporate governance practices through the alignment of the interests of shareholders and the Board as well as the Management; and
- meet stakeholder expectations of sound corporate governance as part of TWPH’s broader responsibility to shareholders, customers and the community in which it operates.

Having acknowledged and understood the importance of good corporate governance, the Board leads and drives efforts to promote meaningful and thoughtful application of good corporate governance practices throughout the Company. This includes monitoring local and global developments in corporate governance and assessing their implications. Its approach provides a framework of control measures that support the Company in achieving its objectives in order to prevent conflicts. Such efforts proved to be particularly imperative in the year 2017 as Malaysia witnessed a range of regulatory reforms including the Companies Act 2016 coming into force, release of the new MCCG by Securities Commission Malaysia as well as the amendments to Bursa Malaysia Listing Requirements which were augmented with the issuance of the Corporate Governance Guide (3rd edition) by Bursa Malaysia Berhad.

In conjunction with the aforementioned regulatory developments, TWPH undertook a recalibration of its corporate governance framework and has taken steps to adhere to these enumerations. Recognising that improving corporate governance is an organic process which necessitates continuous improvement, TWPH will continue to enhance its day-to-day activities to ensure that they are underpinned by the tenets of **Transparency, Accountability, Integrity and Corporate Performance**.

# Corporate Governance Overview Statement

*cont'd*

TWPH has also taken steps specifically designed to synchronise its corporate governance standards and practices throughout the TWPH Group (TWPH and its subsidiaries). This effort is focused, amongst others, on standardising, to the extent practicable, principles relating to various corporate governance matters including Board composition, Directors' independence criteria, roles of Board Committees, and Directors' remuneration framework. TWPH is not only concerned about the interests of the shareholders but also the needs of other stakeholders such as customers, suppliers, employees, society and the community in which TWPH conduct its business.

## SUMMARY OF CORPORATE GOVERNANCE PRACTICES

TWPH has applied all applicable Practices encapsulated in MCCG for the financial year ended 31 December 2017 except:

<b>Practice 4.5</b>	Board to comprise 30% women Directors;
<b>Practice 4.6</b>	Sourcing of candidates for directorships using independent sources;
<b>Practice 8.3</b>	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor;
<b>Practice 11.2</b>	Adopt integrated reporting based on a globally recognised framework; and
<b>Practice 12.2</b>	All directors attend General Meetings.
<b>Practice 12.3</b>	Facilitate remote shareholders' participation

In line with the latitude provided in the application mechanism of MCCG, TWPH has provided cogent explanations for the departures from the said Practices. The explanations on the departures are augmented with an articulation on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that TWPH has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the Company's application of each individual Practice of MCCG are available on the Corporate Governance Report which is available on the Company's website as well as via an announcement on the website of Bursa Malaysia Berhad.

A summary of TWPH's corporate governance practices with reference to the MCCG is described below:

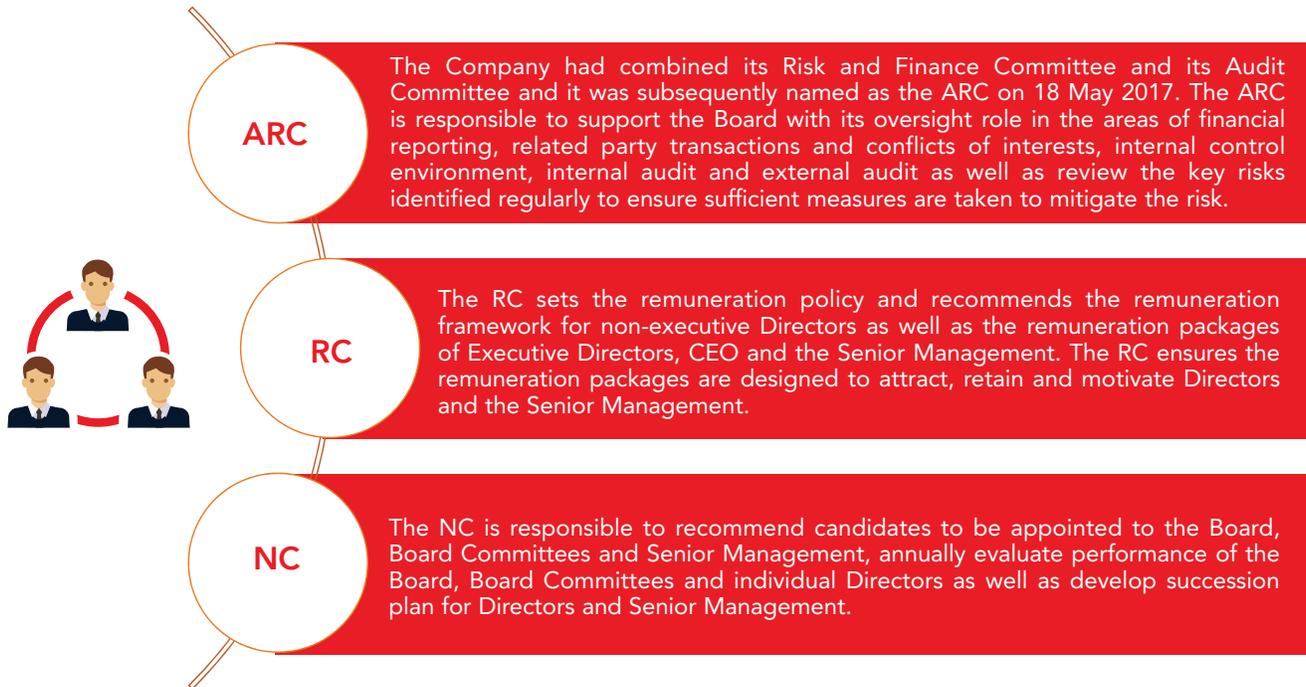
## RESPONSIBILITIES OF THE BOARD

The Board is responsible for overseeing the management of the business and affairs of the Company, including the commitment to sustainability, in the best long-term interest of the Company. Each Director keeps abreast of his or her responsibilities as a Director and of the business activities, conduct and development of the Company.

The Board has established three Board Committees, namely, Audit and Risk Committee ("ARC"), Nomination Committee ("NC") and Remuneration Committee ("RC") to assist it in discharging its oversight function. At all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that TWPH is in adherence with good corporate governance.

# Corporate Governance Overview Statement

cont'd



The Board reviews and adopt a strategic plan including setting performance objectives and approving operating budgets for the Group and ensuring that the strategies promote sustainability. The Board and Board Committees meet regularly to deliberate on matters under their purview. 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. This schedule ensures that good governance is in place for the TWPH group. The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:

Director	Board	ARC	RC	NC
Yen Wen Hwa (Ngan Tzee Manh)	5/5			
Lee Chee Whye	5/5			
Angela Heng Chor Kiang	5/5		1/1	
Mej. Jen. Datuk Kadir Bin Nordin (Bersara) <sup>1</sup>	2/2	2/2	1/1	1/1
Datuk Toh Ah Wah <sup>2</sup>	1/2	2/2		1/1
Lee Cheow Fui <sup>3</sup>	2/2	2/2	1/1	1/1
David Lim Teck Leong <sup>4</sup>	4/5			
Dr Ong Eng Leng (Ong Eng Lin) <sup>5</sup>	2/2	2/2	N/A	N/A
John David Cambridge <sup>6</sup>	2/2	2/2	N/A	N/A
Tung Kum Hon <sup>7</sup>	2/2	2/2		N/A
YM Tengku Djan Ley Bin Tengku Mahaleel <sup>8</sup>	N/A	N/A		

Board/Board Committee Chairman
  Member
  Retired/Resigned from the Board and Board Committees

# Corporate Governance Overview Statement

*cont'd*

1. *Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara) retired from the Board on 18 May 2017.*
2. *Datuk Toh Ah Wah retired from the Board on 8 May 2017.*
3. *Lee Cheow Fui retired from the Board on 18 May 2017.*
4. *David Lim Teck Leong resigned from the Board on 8 November 2017.*
5. *Dr Ong Eng Leng (Ong Eng Lin) was appointed to the Board on 18 May 2017.*
6. *John David Cambridge was appointed to the Board on 18 May 2017.*
7. *Tung Kum Hon was appointed to the Board on 1 August 2017.*
8. *YM Tengku Djan Ley Bin Tengku Mahaleel was appointed to the Board on 26 February 2018.*

The Company has ensured there is a demarcation of responsibilities between the Board and Management. While the Board directs and governs Management, it does not excessively intervene on the operational and implementation role of Management. The Chairman is responsible to spearhead the Board and manage the interface between the Board and Management while the CEO manages the day-to-day operations of the business.

The Board Charter was designed to provide guidance and clarity for the Board and the Management with regards 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. The Board Charter is reviewed periodically and updated 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 available on the Company's website at [www.tienwah.com](http://www.tienwah.com).

In discharging its responsibilities, the Board is assisted by two professionally qualified and competent Company Secretaries that act as counsels and resource support on corporate governance matters. The Management with the support of the Company Secretaries, provide Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions. The Company Secretaries play a key role in good governance by assisting the Board and the Board Committees function effectively and in accordance with best practices as well as their terms of reference.

The Management ensures that all Directors have full and timely access to all information with regard to Board papers distributed five (5) business days prior to the meeting. 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 Board has also established Code of Conduct, Code of Ethics and Whistle Blower Policy to foster an ethical culture throughout the Company and allow legitimate ethical concerns to be raised in confidence without the risk of reprisal. The Code of Conduct, Code of Ethics and Whistle Blower Policy are reviewed periodically by the Board. These policies are available on the Company's website at [www.tienwah.com](http://www.tienwah.com).

## **BOARD COMPOSITION**

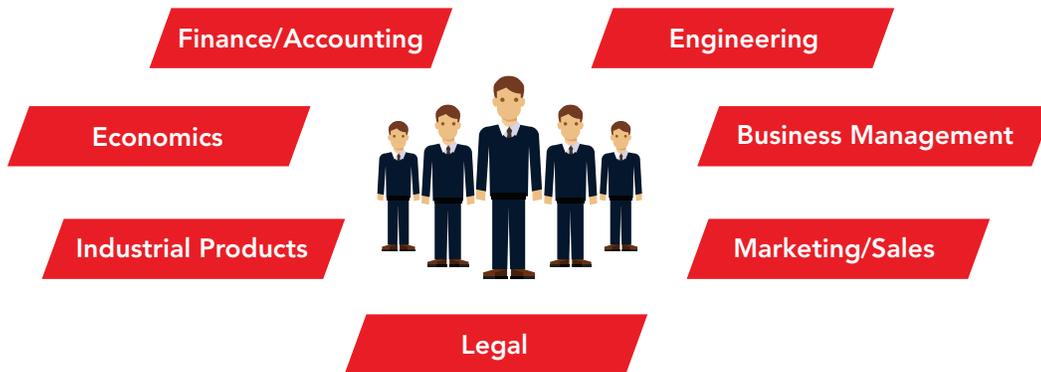
The strength of the Board lies in the composition of its members. The current members of the Board have a wide range of expertise, extensive experience and come from diverse backgrounds. The Board consists of seven (7) members, of whom four (4) are Independent Non-Executive Directors. The Board composition complies with the Practice 4.1 of the MCCG which requires at least half the Board to consist of Independent Directors. This composition is structured to ensure that no individual or group of directors who dominates the Board's decision-making process.

The Board is committed to maintain a composition which supports the Company's objective and independent deliberation, review and decision-making within the Board and adequate for the scope and nature of the Group's business and operations.

# Corporate Governance Overview Statement

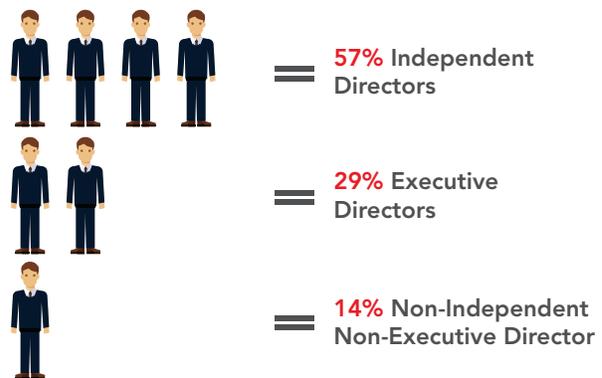
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The Board is satisfied that the current Board composition, which has been established after taking into consideration the mix of skills, caliber, competence, character and experience required to effectively steer the Group's directions, combined with expertise possessed by the Management, complement the effective functioning of the Board. The collective skill set and experience of the Board are illustrated below:



The NC uses the criteria and procedures set out in the Directors' Assessment Policy in assessing the performance Board's and Board Committees' performance. The NC was satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the NC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting ("AGM").

The Board comprises four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Executive Directors. The higher proportion of Non-Executive Directors present on the Board helps to mitigate any possible conflict of interest between the policy-making process and the day-to-day management of the Company.



The NC reviewed and assessed the independence of Independent Directors and their tenure of service based on the criteria and procedures set out in the Directors' Assessment Policy in order to ensure the Director's possess the necessary character, experience, integrity and competence in discharging their respective roles effectively.

The composition of the respective Board Committees meets the independence criteria outlined in Bursa Malaysia Listing Requirements and MCCG and there is an appropriate cross-memberships to further promote effectiveness.

Appointment of members to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account the qualification, professionalism, integrity, skills, experience and diversity needed on the Board in the context of the Company's strategic direction. In terms of gender diversity, the Board currently comprises one (1) female Director, namely, Ms. Angela Heng Chor Kiang and the Board is taking steps to improve women representation on the Board by broadening its sourcing and nomination process.

# Corporate Governance Overview Statement

*cont'd*

The Board assesses its effectiveness and that of its Committees as well as the individual Directors in a formal process that is undertaken annually by the NC. The results of the assessment were instrumental in assessing the Board's development needs and in making governance changes.

## REMUNERATION

The Board through the RC has established a Directors' Remuneration Policy in order to ensure the Company provides remuneration packages which will attract, retain and motivate Directors and Senior Management of the quality required to oversee the management of the TWPB Group. The RC takes into consideration information gathered based on remuneration packages within the industry and in comparable companies in determining the remuneration packages.

The RC 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 Company as and when it considers necessary. The affected Directors would abstain from participation in decisions regarding their individual remuneration in the RC's deliberations and recommendations.

The detailed remuneration of the Board and top 5 Senior Management are disclosed in the Corporate Governance Report of the Company.

## ARC AND INTERNAL CONTROL FRAMEWORK

The ARC is chaired by an Independent Non-Executive Director who is distinct from the role of the Chairman of the Board. Nearly all members of the ARC are financial literate, whilst the Chairman of the ARC is a member of Malaysia Institute of Certified Public Accountants and Malaysian Institute of Accountants. The ARC has full access to the internal and external auditors who in turn, have access at all times to the Chairman of the ARC. The role of the ARC members and the record of the number of meetings held and attended during the financial year ended 31 December 2017 is set out in the ARC Report of this Annual Report.

The ARC reviews the adequacy and the effectiveness of the Group Risk Management. Key risks are elevated to the ARC, who reports to the Board for its assessment. For the risks identified, the operating units will propose action plans to remedy or mitigate any significant weaknesses.

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

- Financial Reporting;
- External Audit;
- Internal Audit;
- Ethical and Integrity Areas;
- Review Related Party Transaction; and
- Risk Management Framework

The ARC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditor. During the year under review, the ARC has received written assurance from external auditor confirming that it is and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment on the suitability, objectivity and independence of the external auditor is conducted annually.

The Company has an established in-house internal audit department that provides the ARC and the Board with assurance regarding the adequacy and integrity of the system of internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan-based on the risk profiles of the operating units of the TWPB Group. The Head of Internal Audit has a direct reporting line to the ARC and the internal audit department has unencumbered access to records, properties and personnel of the Group. The internal audit function is also supported by Boardroom Business Solutions Sdn Bhd (co-sourced internal audit services effective until 31 December 2017) and thereafter replaced by Moore Stephens Associates PLT (appointed effective on 26 February 2018).

# Corporate Governance Overview Statement

*cont'd*

The Board is satisfied with the adequacy and effectiveness of the Group's Risk Management and internal control system. 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 there were no material control failures or adverse consequences that have directly resulted in any material loss to the Group.

Information on the group risk management and internal control framework is made available in the Statement on Risk Management and Internal Control of the Company of this Annual Report.

## COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of communicating with its shareholders through Annual Reports, AGM and the Company's website. The Company's website, [www.tienwah.com](http://www.tienwah.com), provides information such as a dedicated sections on corporate information, financial information, announcements made by the Company and press releases. The website is continuously updated to ensure that the information contained within is current.

## CONDUCT OF AGM

The AGM provides a good platform for the Board to share highlights of its performance to its shareholders who are given the opportunity to comment or raise questions to the Directors and Chairs of the Board Committees. During the AGM, the CEO present to the shareholders a brief review of the Group's financial results and operations for the financial year and overview of the current year performance. Shareholders are encouraged to ask questions, clarify facts and provide feedback to the Management about TWPH's performance and strategies. All resolutions tabled during General Meetings are voted by poll and at least one scrutineer, who is an independent party unrelated to TWPH, will be appointed to validate the votes cast at the AGM.

The date, venue and time of the AGM are determined taking into consideration its suitability and accessibility for shareholders to provide maximum opportunity for as many shareholders as possible to attend and participate either in person, by corporate representative or by proxy. In addition, a press conference is convened immediately after the AGM where the CEO informs of the resolutions passed and answers questions put forward by the media in attendance. As called upon by MCCG, the notice to the upcoming AGM has been provided more than 28 days in advance to enable shareholders to make adequate preparation. Minutes of the previous AGM is available on the corporate website, [www.tienwah.com](http://www.tienwah.com).

## FOCUS AREAS ON CORPORATE GOVERNANCE



2017 brought forth key regulatory changes within the domestic corporate governance realm. The Board, against a challenging business backdrop, focused its attention on the foundational aspects of its roles as they relate to the creation of long-term value for stakeholders.

Areas which gained prominence from the Board during the financial year ended 31 December 2017 are as follows:

### INDEPENDENCE OF THE BOARD AND BOARD COMMITTEES

The Board bid a fond farewell to four members of the Board during the year, namely, Mej. Jen. Datuk Kadir Bin Nordin (Bersara), Datuk Toh Ah Wah, Mr Lee Cheow Fui, all of whom were Independent Non-Executive Directors and Mr David Lim Teck Leong, who was a Non-Independent Non-Executive Director. In their place, the Board welcomed three new Independent Non-Executive Directors, namely, Dr Ong Eng Leng @ Ong Eng Lin, Mr John David Cambridge and Mr Tung Kum Hon.

The Board also appointed YM Tengku Djan Ley Bin Tengku Mahaleel as an Independent Non-Executive Director of the Company on 26 February 2018. The appointment of these four (4) Directors ensured the Board has an even balance of Independent and Non-Independent Directors to facilitate greater checks and balances during deliberations and decision-making as the Board recognises that a key issue in a well-governed Board is the balance of power and influence among the members of the Board. The Chairman ensures that all Directors' views are heard and provide opportunity to all Directors to actively participate in all discussions during the meetings.

# Corporate Governance Overview Statement

*cont'd*

The changes in the Board composition also brought upon changes to the Board Committee compositions. The new composition of the ARC which comprises solely of Independent Directors, enable the Company to go beyond the regulatory requirements.

## CORPORATE CULTURE

The Board had established a Code of Conduct and Code of Ethics to shape the corporate culture and drive conduct within TWPH. The Code of Conduct and Code of Ethics serves as both an internal guideline for Directors, management and employees in their day-to-day activities as well as an external statement of corporate values and commitment.

## REVIEW OF BOARD AND BOARD COMMITTEES' POLICIES AND PROCEDURES

The Board undertook a review of its Board Charter alongside the Terms of Reference and Corporate Policies for each of the Board Committees early in the year 2017. The documents were updated to provide guidance on governance and conduct of the Board, Board Committees and employees of the Company and published on the Company's website.

## PROFESSIONAL DEVELOPMENT OF DIRECTORS

The NC, in assisting the Board, ensures that only individuals of sufficient caliber, knowledge and experience are appointed to the Board. The NC ensures that all newly appointed Directors undergo an induction programme that is facilitated to provide them with an understanding of the operations of the TWPH. All the Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme (MAP) pursuant to the requirement by Bursa Malaysia Listing Requirements. The NC is responsible for assessing the training needs of Board members given the varying training needs of each Director in order for them to enhance their skills and knowledge.

Training programmes which aid Directors on relevant subject matter as attended by the Board members during the year are outlined below:

Training Programme/Conference Seminar	
Yen Wen Hwa (Ngan Tzee Manh) (Chairman)	Boardroom Smart Business Solutions <ul style="list-style-type: none"> <li>• Companies Act 2016</li> <li>• Bursa Malaysia Listing Requirements</li> <li>• MCCG</li> </ul>
Lee Chee Whye	Boardroom Smart Business Solutions <ul style="list-style-type: none"> <li>• Companies Act 2016</li> <li>• Bursa Malaysia Listing Requirements</li> <li>• MCCG</li> </ul>
Angela Heng Chor Kiang	Boardroom Smart Business Solutions <ul style="list-style-type: none"> <li>• Companies Act 2016</li> <li>• Bursa Malaysia Listing Requirements</li> <li>• MCCG</li> </ul>
Dr Ong Eng Leng (Ong Eng Lin)	Mandatory Accreditation Program <ul style="list-style-type: none"> <li>• Corporate Governance Framework</li> <li>• Bursa Malaysia Listing Requirements</li> </ul>
John David Cambridge	Mandatory Accreditation Program <ul style="list-style-type: none"> <li>• Corporate Governance Framework</li> <li>• Bursa Malaysia Listing Requirements</li> </ul>

# Corporate Governance Overview Statement

*cont'd*

Given the varying training needs of each Director, all the Directors except Mr Tung Kum Hon who was appointed as Independent Non-Executive Director of the Company on 1 August 2017 have continuously undergone training programmes to enhance their skills and knowledge. Mr. Tung Kum Hon did not attend any structured training for the year under review as he has gathered sufficient experience and knowledge from his daily business activities to assist him in the discharge of his duties.

## CORPORATE GOVERNANCE PRIORITIES (2018 AND BEYOND)

The Board is cognisant that there is always headroom for improvement in its corporate governance activities in order for TWPH to continue to engender trust and confidence amongst stakeholders. The Board has identified the following forward-looking action items that will help it to achieve its corporate governance objectives.

### Short and medium term plan (one to three years)



#### Sourcing of Directors

In exercising objectivity in the selection process of Directors, the NC plans to have access to a wide selection of suitably qualified candidates. Above and beyond referrals from directors, shareholders and management, this may include utilising sources such as directors' registry, independent search firms as well as industry and professional associations. The NC would clearly articulate the screening criteria to the relevant parties in order to maximise the effectiveness of the search conducted.



#### Succession Planning

The Board, understanding that succession planning is critical for the continuity of TWPH's business operations will endeavor to formulate a succession planning framework for its Board and Key Senior Management. The Board, via the NC, will ensure that the succession planning aligns with the human resource policies and strategies of the Company and only high caliber personnel with the relevant skills and experience are appointed to the Board and management positions of the Company.



#### Company Constitution

The Board will undertake a review of the Company's Constitution incorporating the prevailing updates on legal and regulatory promulgations.



#### Review of Board and Board Committees' Policies and Procedures

The Board will review and update the existing policies and procedures to ensure they are updated in accordance with the prevailing legal and regulatory promulgations as well as best practices.

# Corporate Governance Overview Statement

*cont'd*

## Long term plan (three to six years)



### Corporate Reporting

The Board will endeavor to adopt a more mature form of sustainability reporting and gradually, undertake Integrated Reporting. This would allow stakeholders' to have better understanding on the Company's value creation process.

The Board will set the direction for the Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. The Company will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its business and reporting. Such approach would promote a culture of transparency by the Company as well as improve the quality of information available to the stakeholders.



### Boardroom Diversity

The Board of TWPH will focus its efforts to constitute a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender. Candidates that are appointed will be appointed based on their merit as well as value they bring towards raising the calibre of members that make-up the composition.

## ADDITIONAL COMPLIANCE INFORMATION

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

### MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

### UTILISATION OF PROCEEDS

There were no proceeds raised for any corporate proposals during the financial year ended 31 December 2017.

This Statement is approved by the Board on 20 March 2018.

# 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 2017, which takes into account the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The MCGG under Principle B – "*Risk Management and Internal Control Framework*" also states that the Board should establish an effective risk management and internal control framework.

## 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 principles and best practices of corporate governance established by the MCGG.

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;
- Established the ARC with the risk governance and oversight function whereby the members comprise only of Independent Directors and the Chairman is not the Chairman of the Board;
- 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 ARC 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;
- Establishes policies and procedures to assess the suitability, objectivity, effectiveness and independence of the external and internal auditors;
- Members of the ARC undertakes continuous professional training;
- Maintains 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;
  - Understanding the principle risks of the Group's business and recognise that business decisions involve taking the appropriate risks;
  - 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.

# Statement on Risk Management and Internal Control

*cont'd*

## 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.

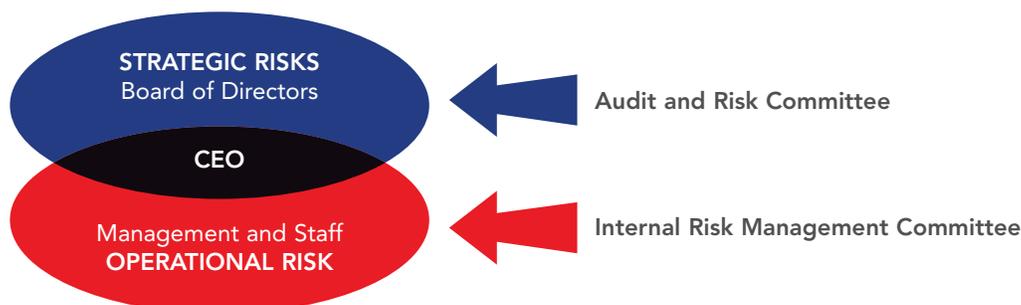
The ARC, comprising of wholly Independent Directors, was set up by the Board on 18 May 2017 to proactively manage the financial and non-financial risks of the Group by merging the Audit Committee and the Risk and Finance Committee. It meets formally at least four times a year to review the updated Risk Register and/or report on new high and moderate risks and assess the status of the risk mitigation action plans as reported by the Internal Risk Management Committee ("IRMC). The ARC reviews and monitors the effectiveness of the Risk Management Framework of the Group on a quarterly basis, which is based on Internationally recognised risk management framework and reports the same to the Board 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 ARC, which also monitors the key operational risks affecting the Group and reports to the Board on a regular basis.

# Statement on Risk Management and Internal Control

cont'd

## 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 IRMC oversees and monitors the Group and operating units' risks from strategic operating risks to daily operational risks.

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 regulatory compliance, cyber security, finance, sustainability, environment, transfer pricing and corporate reputation) are considered by the person responsible and raised to the IRMC, if the risks are considered high.

### 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**

	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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# Statement on Risk Management and Internal Control

*cont'd*

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 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 ARC, who reports to the Board.

The ERM process has not been applied to Lum Chang Tien Wah Property Sdn Bhd and Toyo (Viet)-Dofico Print Packaging Co. Ltd, the jointly-controlled companies of the Company.

## 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.

The Internal Auditors regularly conducts internal audit on the internal controls of the various operating units prioritising the risks based on the risk assessment. Any weaknesses raised are satisfactorily resolved with the introduction of additional controls or review procedures and is regularly monitored to ensure that the aforesaid has been satisfactorily implemented.

## COMMUNICATION PROCESS

Management receives timely, relevant and reliable monthly management and Financial reports which are reviewed on a regular basis.

The Group developed the Enterprise Resource Planning software that captures, compiles, analyse and reports appropriate data, which enables management to make business decision in accurate and timely manner.

# Statement on Risk Management and Internal Control

*cont'd*

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. There were no Whistle Blowing report received by the Management or the ARC during the FY 2017 and up to the date of this report.

## 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 ARC 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 guided and supported by Boardroom Business Solutions Sdn Bhd (co-sourced internal audit services effective until 31 December 2017) and thereafter replaced by Moore Stephens Associates PLT (appointed effective on 26 February 2018) ("Internal Audit Team" or "IAT") who assists ARC 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.

All the IAT personnel are free from any relationships or conflict of interest, which could impair their objectivity and independence. The Internal Audit is conducted in accordance with internationally recognised internal audit framework.

## 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 ARC 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 ARC review and monitor the effectiveness of the Group Risk Management and reports to the Board 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 Audit and Assurance Practice Guide ("AAPG") 3 (previously, 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 2017, 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.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the 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 20 March 2018.

## Audit and Risk Committee Report

The Board is pleased to present the Audit and Risk Committee ("ARC") Report for the financial year ended 31 December 2017 in accordance with Paragraph 15.15 of the Bursa Malaysia Listing Requirements.

### MEMBERSHIP AND ATTENDANCE

On 18 May 2017, the AC merged with the Risk and Finance Committee to form the ARC in order to take over the role of risk oversight of the Group and the Terms of Reference of the said Committee has also been revised and updated accordingly. The ARC provides assistance to 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 ARC and the attendance of each member of the ARC at meetings held during the financial year ended 31 December 2017 were as follows:-

Composition of ARC	Number of Meetings		%
	Held	Attended	
Mr Lee Cheow Fui – Chairman, Senior Independent Non-Executive Director (retired on 18 May 2017)	2	2	100
Mej. Jen. Datuk Abdul Kadir Bin Nordin (Bersara) – Independent Non-Executive Director (retired on 18 May 2017)	2	2	100
Datuk Toh Ah Wah – Independent Non-Executive Director (retired on 8 May 2017)	2	2	100
Mr Tung Kum Hon – Chairman, Independent Non-Executive Director (appointed on 1 August 2017)	2	2	100
Mr John David Cambridge – Independent Non-Executive Director (appointed on 18 May 2017)	2	2	100
Dr Ong Eng Leng (Ong Eng Lin) – Independent Non-Executive Director (appointed on 18 May 2017)	2	2	100
YM Tengku Djan Ley Bin Tengku Mahaleel – Independent Non-Executive Director (appointed on 26 February 2018)		Not applicable	

# Audit and Risk Committee Report

*cont'd*

The Chairman of the ARC, Mr Tung Kum Hon, is an Independent Director and is a member of the Malaysia Institute Certified Public Accountant and the Malaysian Institute of Accountants. All members of the ARC are financially literate. They are able to understand matters under the purview of the ARC including the financial reporting process to effectively discharge their duties and responsibilities as members of the ARC.

Further information of the members of the ARC is set out in the Profile of Directors of this Annual Report and the Terms of Reference of the ARC is available in the Company's website at [www.tienwah.com](http://www.tienwah.com).

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

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 ARC 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 ARC to attend the ARC meetings. The ARC also met with the External Auditors at least twice a year and Internal Auditors without Executive Board Members and Management's presence.

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

## SUMMARY OF WORKS DURING THE YEAR

During the financial year under review, the ARC has carried out its functions and duties in accordance with its Terms of Reference. The works carried out by the ARC 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:-
- Reviewed and approved the accounting treatment for the closure of Anzpac and the impending closure of TWPM;
  - Impact assessment on the "MRF5 15 – Revenue from contracts with customers" for adoption in the financial year 2018;
  - Impact assessment of the "MFRS 16 – Leases";
  - Update review of the acquisition of BPJ's Purchase Price Allocation for intangible value;
  - Impairment Assessment on the valuation of Intangible Assets and Property Plant and Equipment;
  - Provision for Obsolescence and Net Realisable Value assessment of stocks; and
  - Reviewed and assessed the requirements for the Malaysian Code of Corporate Governance issued on 26 April 2017.

The above significant matters were assessed by the Management and reviewed by External Auditors, when appropriate prior to deliberation and acceptance by the ARC 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.

# Audit and Risk Committee Report

*cont'd*

## 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 2017 Annual Report.
- (d) Held two (2) meetings with the External Auditors without the presence of the Executive Board Members and 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 of the Statement on Risk Management and Internal Control. Upon satisfactory assessment, recommended the audit fee payable for the Board's approval.
- (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 and report to the ARC on the internal audit plans as to their consistency with the Enterprise Risk Management Framework, in particular to the high risks areas identified together with the results of assessments.
- (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.

# Audit and Risk Committee Report

*cont'd*

- (g) Held two (2) meetings with the Internal Auditors without the presence of the Executive Board Members and Management.

## 4. Ethical and Integrity areas

The ARC did not receive any reports under the Group's Whistle Blower Policy which, the ARC 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 Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, ARC Report and Directors' Responsibility Statement in respect of the Audited Financial Statements for the financial year ended 31 December 2017 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2017 prior to the recommendation to the Board for adoption.
- (b) Reviewed the Circular to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for Board's approval.
- (c) Reviewed the Terms of Reference of the ARC pursuant to the MCCG and the latest amendments to the Bursa Malaysia Listing Requirements prior to the recommendation to the Board for adoption.
- (d) Received updates from the External Auditors on the new developments in disclosure requirements arising from the revised Auditors Reporting Standard, Companies Act 2016 and the amendments to Bursa Malaysia Listing Requirements affecting the contents of the ARC Report in the annual reports.

## INTERNAL AUDIT FUNCTION

The internal audit function during the year was undertaken by both the in-house Internal Audit Department, Boardroom Business Solution Sdn Bhd (co-sourced internal audit services until 31 December 2017) and thereafter replaced by Moore Stephens Associates PLT (appointed on 26 February 2018) ("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 a third party internal audit service provider who acts independently with impartiality, proficiency and due professional care and reports directly to the ARC. 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 ARC 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 were 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.

## Audit and Risk Committee Report

*cont'd*

- Reviewed the findings and proposed management action plans arising from internal audits; and
- 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 2017 amounted to approximately RM124,408 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 ARC

There were no share options offered to eligible employees or the non-executive directors during the financial year ended 31 December 2017.

This ARC Report was made in accordance with the approval of the Board of Directors on 20 March 2018.

## Directors' Responsibility Statement

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.

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.



## **Looking FORWARD**

Opportunities abound for  
TWPH Group, we look forward to a  
bright and successful future ahead

# Sustainability Statement



## OUR SUSTAINABILITY APPROACH

### INTEGRATING SUSTAINABILITY INTO OUR CORE BUSINESS

Tobacco packaging serves as a critical link between the tobacco product manufacturers and the consumers. The brand imagery of the packaging is the key to the customers' brand identity within this competitive market and high quality prints are critical to mitigating counterfeit products. Tobacco packaging companies have been evolving their business strategies and the use of new technologies for product innovation, including packaging to remain competitive. As TWPH's customers are mainly tobacco companies, its performance is thus closely correlated with the performance of the tobacco customers and the tobacco industry in general.

The recent trends towards imposing plain packaging on tobacco products and the inception of electronic cigarette (e-cigarette) into the markets have undoubtedly upend the business environment and create deep sense of unease among companies within tobacco industry.

In pursuit of our vision to be the "Winning Company", we have to be adaptive and agile in this demanding and challenging landscape, continually discover opportunities to integrate sustainability into the core of our ethos and visions, i.e. maintaining profitability and productivity, including via total quality management and teamwork, in the face of reality – in making tough business decisions, including the change of operational footprints.

## ABOUT THIS SUSTAINABILITY STATEMENT

Tien Wah Press Holdings Berhad is focused on enhancing its forte to stay relevant in this competitive business environment. Backed by over five decades of experience, we believe that financial stability and sustainability go hand in hand, especially in the last decade, with the increase of demands and expectations from customers and higher level of interest from international competitors in the regional tobacco packaging market.

This maiden Sustainability Statement (the "Statement") serves as a channel to communicate our initiatives in managing sustainability matters that are material to our operations. This Statement has been prepared in reference to the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia. In preparing this Statement, we have engaged with an external sustainability consultant to both facilitate and strengthen our sustainability reporting approach.

This Statement covers Tien Wah Press Holdings Berhad and our operating entity in Malaysia, i.e. Tien Wah Press Malaya Sdn. Bhd. ("TWPM"), collectively referred to as "TWPH" or the "Group". The Statement will be expanded to cover other operating units at various stages of implementation as at end of financial year ("FY") 2018. This Statement covers our reporting period from 1st January 2017 to 31st December 2017, unless otherwise stated.

# Sustainability Statement

*cont'd*

Our sustainability initiatives are governed by the Group Sustainability Policy which demonstrates our commitment in the areas of economic, environmental and social. Key objectives of the Policy are summarised below:-

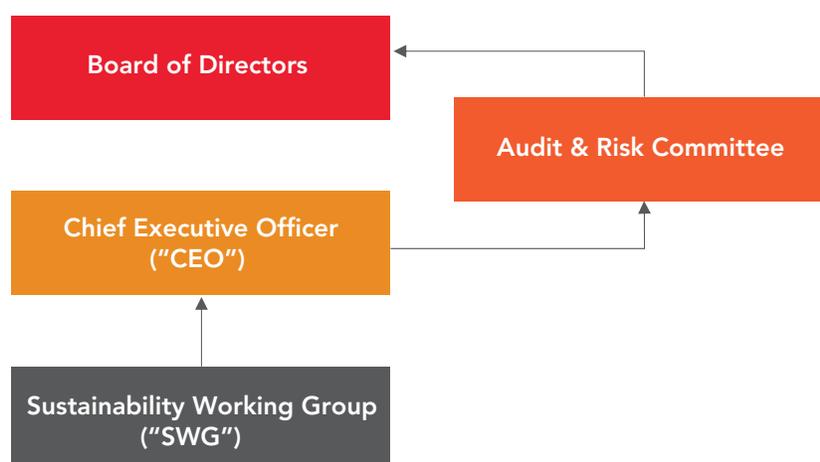
- dedicated to maintain a healthy and safe working environment for our employees and place emphasis on developing and empowering them;
- support and encourage community development in the Group;
- committed to identify, manage and minimise the environmental impact of our business operations, whilst complying with the environmental regulatory and legal requirements;
- recognise the importance of governance sustainability and incorporate it into all functions and processes of our business. This includes continuous improvement and monitoring of the impacts that we have created.

## SUSTAINABILITY GOVERNANCE

### UNDERPINNING STRATEGIC SUSTAINABILITY VISION

In TWPH, the Board of Directors (the “Board”) is the main driver in setting the sustainability strategy and ensuring that our sustainability initiatives are aligned with the Group’s vision and mission. The Board is supported by the Audit and Risk Committee, which is responsible to monitor the progress of implementation of sustainability initiatives, based on the directions set by the Board.

In FY2017, a Sustainability Working Group (“SWG”), headed by the Chief Executive Officer (“CEO”), was established at the Management-level to plan and implement the sustainability initiatives undertaken by TWPH. SWG comprises of representatives from relevant departments, including Finance, Human Resource and Operations and is supported by sustainability champions across various functions within the Group. **Diagram 1** below illustrates our sustainability governance structure.



*Diagram 1: TWPH Sustainability Governance Structure*

# Sustainability Statement

cont'd

## STAKEHOLDER ENGAGEMENT

### SKETCHING OUT STAKEHOLDER EXPECTATIONS

We see sustainability not as a set of “add-ons” to our business but rather as intrinsic to what we do. We acknowledge that the sustainability of our business depends on staying attuned to our stakeholders’ expectations in the context of managing the impact of our business operations across the economic, environment and social (“EES”) dimensions.

Emphasis is placed on regular interactions and communications with a wide range of stakeholder groups, formally and informally. The information gathered from our stakeholder groups enable us to sketch out a more accurate picture of our impact to them, improving the way we address their expectations.

In FY2017, with the facilitation by an external sustainability consultant, we enhanced our approach in identifying and prioritising stakeholder groups, by considering the levels of influence and dependence each stakeholder group has over TWPH. The key stakeholder groups with high level of influence and dependence on TWPH identified are shareholders/investors, Board of Directors, major customers, government/regulatory bodies and employees. This is illustrated in the **Diagram 2** below.

As part of our strategy in achieving sustainable growth, various engagement channels are established to obtain feedback on EES-related concerns from stakeholders. **Table 1** set out on the following page shows a summary of our stakeholders’ feedback and our corresponding initiatives to address their expectations.

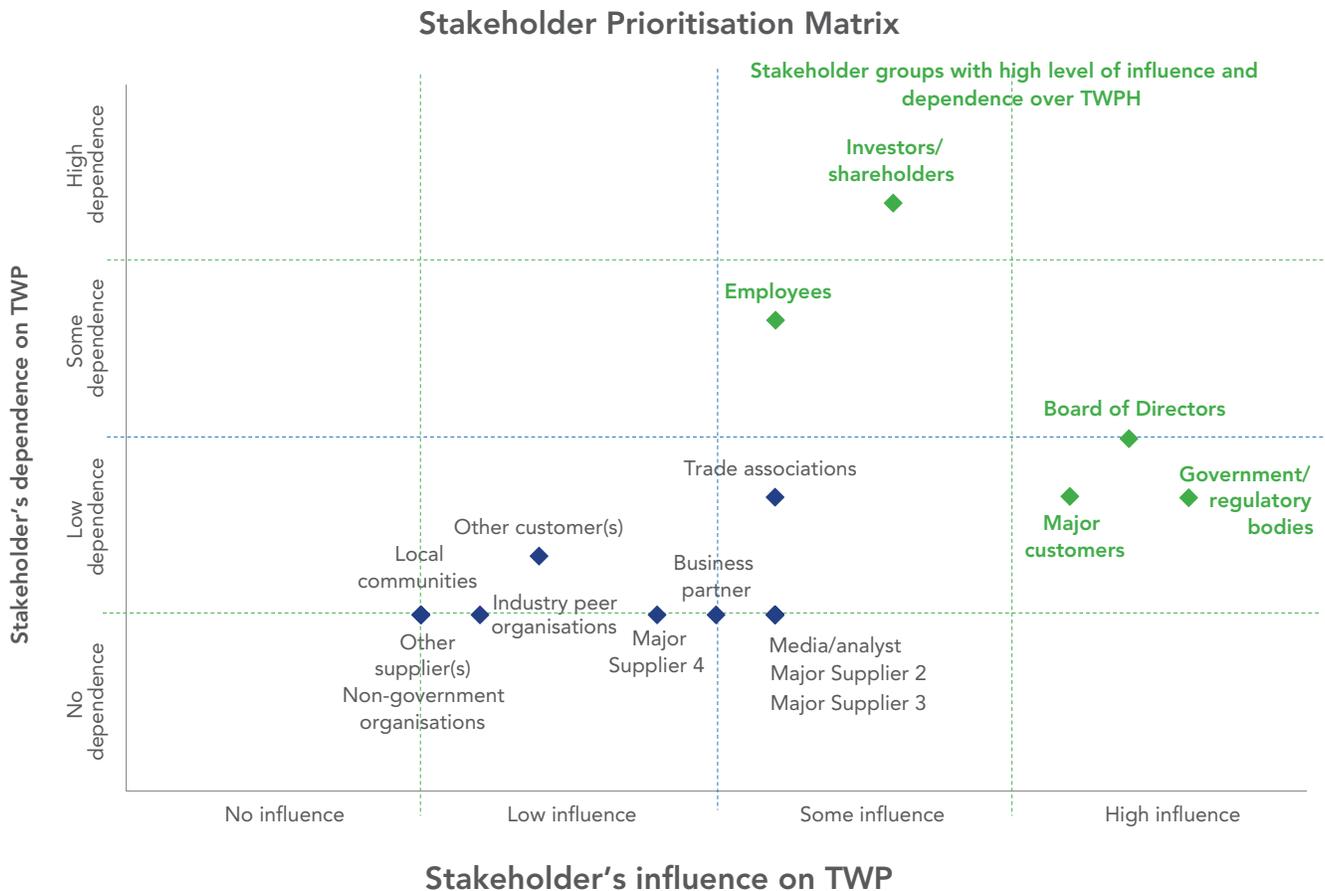


Diagram 2: TWPH Stakeholder Prioritisation Matrix

# Sustainability Statement

cont'd

**Table 1: Summary of stakeholders' feedback and TWPH's corresponding initiatives to address their concern and expectations**

Stakeholder Groups	Engagement Channels	Key Feedback	Our Initiatives (refer to respective section of the Statement)
Board of Directors	<ul style="list-style-type: none"> <li>Quarterly board meetings</li> <li>On-going multiple engagement channels (e.g. email, meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability in supply chain management</li> <li>Community development</li> <li>Environmental management</li> </ul>	<ul style="list-style-type: none"> <li><b>Sustainability-Infused Operations</b></li> <li><b>Achievement-Oriented Employer</b></li> <li><b>Eco-Centric Corporate Citizen</b></li> </ul>
Customers	<ul style="list-style-type: none"> <li>Annual Customer Satisfaction Survey</li> <li>On-going multiple engagement channels (e.g. emails, meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Occupational health &amp; safety</li> </ul>	<ul style="list-style-type: none"> <li><b>Sustainability-Infused Operations</b></li> <li><b>Achievement-Oriented Employer</b></li> </ul>
Employees	<ul style="list-style-type: none"> <li>Annual employee performance appraisals</li> <li>Monthly management meeting</li> <li>On-going multiple internal engagement channels (e.g. emails, training, meeting)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability in supply chain management</li> <li>Talent management &amp; retention</li> <li>Employee welfare</li> <li>Community development</li> <li>Business sustainability</li> <li>Environmental management &amp; compliance</li> </ul>	<ul style="list-style-type: none"> <li><b>Sustainability-Infused Operations</b></li> <li><b>Achievement-Oriented Employer</b></li> <li><b>Eco-Centric Corporate Citizen</b></li> </ul>
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Analyst briefings</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Talent management &amp; development</li> <li>Employee welfare</li> </ul>	<ul style="list-style-type: none"> <li><b>Sustainability-Infused Operations</b></li> <li><b>Achievement-Oriented Employer</b></li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier assessment evaluation &amp; audit</li> <li>On-going multiple engagement channels (e.g. meetings)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability in supply chain management</li> </ul>	<ul style="list-style-type: none"> <li><b>Sustainability-Infused Operations</b></li> </ul>

# Sustainability Statement

cont'd

## MATERIALITY ASSESSMENT

### HARMONISING STAKEHOLDERS' EXPECTATION & BUSINESS STRATEGIES

In FY2017, as guided by Bursa Malaysia’s Sustainability Reporting Guide and Toolkits, we adopted a structured approach to identify and prioritise sustainability matters that are important to both business and stakeholders. The outcome of materiality assessment forms the basis for developing the content of our sustainability disclosures.

In identifying sustainability matters, we have considered our operating environment and emerging global risks associated with the printing industry. This is based on internal and external sources, including publicly available references such as Annual Reports/Sustainability Reports published by selected printing companies and international voluntary reporting standards and guidelines [e.g. Global Reporting Initiative Standards (“GRI”)].

In addition to the existing engagement approaches, we have conducted surveys and one-to-one interviews with key stakeholders, i.e. shareholders, directors, employees, customers and suppliers to gauge their perception on the level of importance of each sustainability matter to TWPB.

Following this, we prioritised the sustainability matters by considering its significance to both stakeholders and business operations. During this process, we have also considered the degree of impact and likelihood of occurrence of these risk events associated with these matters. The outcome of the prioritisation exercise, i.e. Materiality Matrix is presented in **Diagram 3** below.

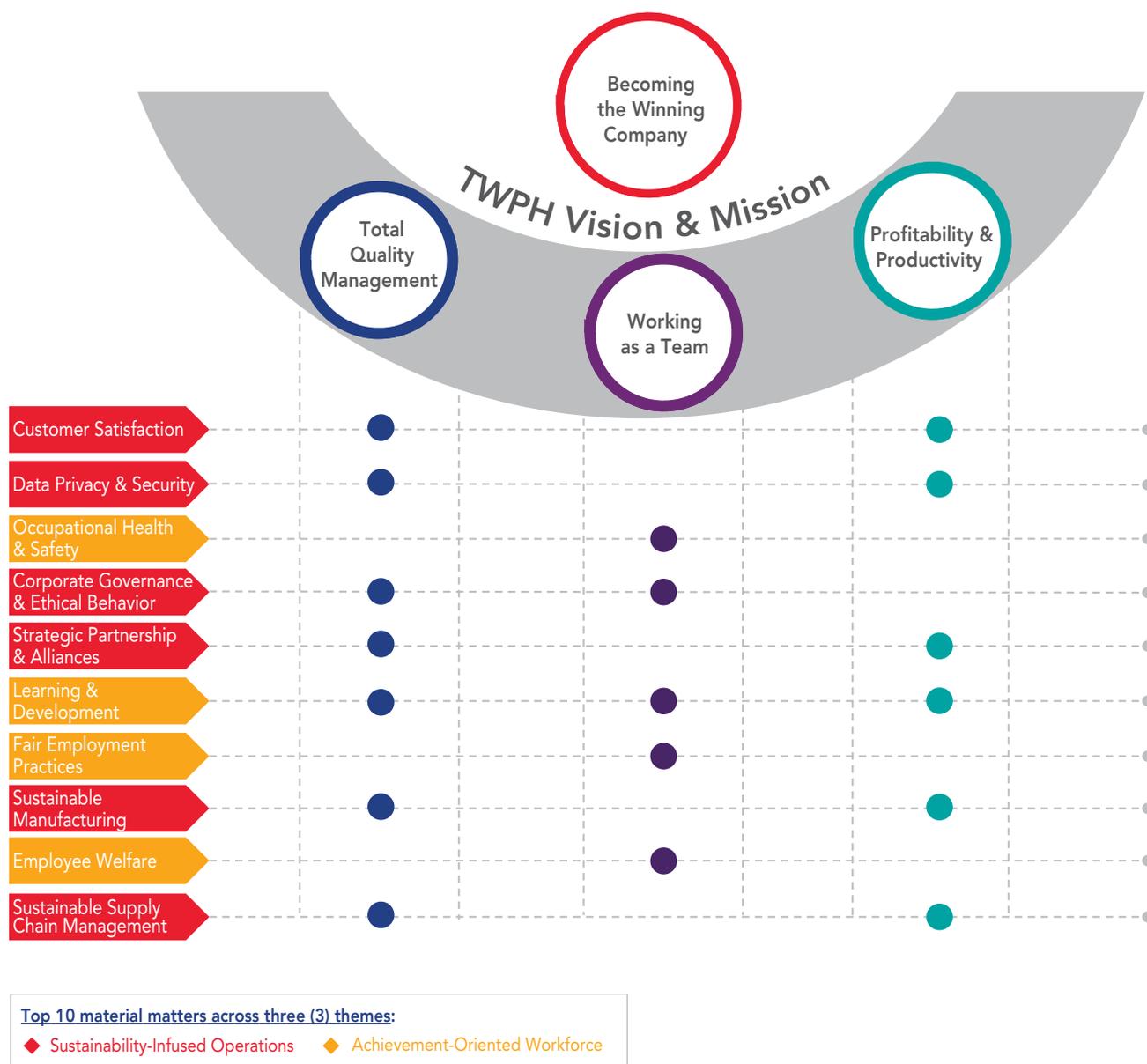


Diagram 3: TWPB Materiality Matrix

# Sustainability Statement

*cont'd*

The outcome of the materiality assessment, as shown in **Diagram 3**, was presented and approved by the Board. Customer satisfaction, data privacy and security, occupational health and safety, corporate governance and ethical behaviour and strategic partnership and alliances turned out to be our top five key sustainability matters. **Diagram 4** below, shows the intrinsic connection between our top ten material sustainability matters and TWPH’s Vision and Mission, which is ultimately aimed at becoming the “Winning Company” in the industry.



*Diagram 4: Harmonising TWPH stakeholders' expectation and business strategies*

# Sustainability Statement

cont'd

The details of our initiatives in managing these material sustainability matters, across the following three themes are discussed in the subsequent section of the Statement:-

- Ensuring a sustainability-infused operations**  
 Focus on continuous improvement in developing sustainability-driven operational excellence by integrating innovations, whilst strengthening our strategic partnerships with stakeholders.
- Fostering a culture of achievements into our workforce**  
 Advocate a healthy and safe working environment for our diversified workforce as well as promoting well-being of community at large.
- Being an eco-centric corporate citizen**  
 Uphold our responsibility by placing great emphasis on eco-centric initiatives to manage the environmental impacts arising from our business operations whilst ensuring operational excellence.

## SUSTAINABILITY-INFUSED OPERATIONS

Sustainability is deeply rooted in our manufacturing operations and is the main lever of operational excellence. We continuously improve our business operations - by applying the sustainability principles to strengthen partnership with our stakeholders, using sustainable materials, embracing technological innovations whilst upholding the high standards of ethical behaviour.

### CUSTOMER SATISFACTION

We work closely with our customers to understand their business requirements, as well as the challenges they encounter. This allows us to develop high quality packaging solutions to support their business.

#### Customer Feedback Mechanism

Our customer feedback management process is guided by Product Identification and Traceability Procedures. Feedback received from customers are channelled to the Quality Services Department ("QAS") and Senior Management. QAS is responsible to analyse and identify the types of feedback and submit them to relevant process owners to address the issues. The details of the feedback and actions taken to resolve the issues are recorded in the Corrective and Preventive Actions ("CAPA") Form.

During the reporting period, the feedback received mainly involved issues related to printing and packaging defects arising from acquisition of new business in Indonesia and increase in export deliveries. All issues raised within the reporting period have been resolved, as shown in the **Table 2** below.

**Table 2: Number of feedback received (and resolved) from customers of TWPM in FY2016 and FY2017**

	FY2016	FY2017*
Number of feedback received (based on CAPA Forms raised)	37	54
No. of issues resolved	37	54

\* as at December 2017

### Customer Satisfaction Survey & Audit

Customer satisfaction surveys are conducted on an annual basis to gauge the level of our customers' satisfaction and expectations. A set of questionnaires is provided to customers to rate our services across several key areas such as quality of product and timeliness of product delivery. During the reporting period, we maintained a high level of customer satisfaction in the areas that are important to our customers.

In addition, our customers conduct audits – once in every one to three years. The audit focuses on key areas such as physical inspection of product quality, provision of health and safety training for workers, use of personal protective equipment at plant premises, processes established to report on accidents, chemical/waste identification, handling and disposal, and pest controls and cleanliness of plant. During the audit conducted by customers in FY 2016, TWPM maintained its performance within the strict requirements set by our customers.

### DATA PRIVACY AND SECURITY

KPMG International Publication 2017, "Crossing the Line" reported that, companies have identified cyber security as a key business enabler to build trust and stakeholders' confidence. The report emphasised that companies which fail to embed controls to safeguard data privacy into the DNA of its business strategy may be exposed to the risk of extinction.

# Sustainability Statement

*cont'd*

At TWPH, great importance is placed in ensuring the data and information of our stakeholders are well managed and protected. This process is managed by having several policies in place i.e. Email Usage Policy and Data Protection Policy, which are aligned with the requirements enumerated in the Personal Data Protection Act ("PDPA") 2010. In addition, all new employees are required to attend a compulsory training on data privacy and protection.

After experiencing a minor ransomware attack in FY2016, TWPM tightened its internal controls within the processes involved in managing information technology ("IT") system. This includes enhancing our firewall protection, controls over the access to confidential information, update anti-virus system and regular backup of sensitive/critical data.

During the reporting year, there were no breaches of confidential data and information reported.

## CORPORATE GOVERNANCE AND ETHICAL BEHAVIOUR

In pursuit of excellent corporate governance, the Board and Senior Management are committed to conduct business in an ethical manner, crystallised in the Corporate Code of Ethics and Code of Conduct. This includes ensuring compliance with relevant legal and regulatory requirements in the areas we are operated in. Employees and the public are able to access the Codes on our corporate website.

We believe leadership plays a vital part in role-modelling and shaping a strong ethical culture of the Group. As part of our corporate culture, all employees are prohibited from accepting gifts or any form of inducements from suppliers or third parties. The Employee Handbook specifically states that, in the event gifts are received in any form, the employees are required to immediately declare to the Human Resources ("HR") Department by using the "Business Gift Declaration Form".

Training on topics related to ethical behaviour is included as part of on-boarding programme. In May 2017, our Directors and members of Senior Management Group received training on Malaysian Code on Corporate Governance released by the Securities Commission Malaysia on 26 April 2017.

### Whistle-blowing

Our whistle-blowing mechanism is governed by the Group Whistle Blower Policy which allows our employees and other stakeholders to raise their concerns on possible fault or improper actions relating to business conduct, in confidence. The whistleblowing mechanism is further discussed in the Corporate Governance Report which is available on the Company's website. In FY2017, there were no reportable observations related to whistle-blowing deliberated by Management.

## STRATEGIC PARTNERSHIP & ALLIANCES

We capitalise on our strategic partnership and alliances with stakeholders to fast-track business growth and actively engage with stakeholders through various channels, including participation in conferences organised by regulatory bodies. Conferences organised by regulatory bodies serve as an avenue for us to share experience and express our views on the development and issues of common interest in the local context. As an example, our employees in TWPM participated in the Malaysia Occupational Safety and Health National Seminar 2017 and the 19th Conference and Exhibition on Occupational Safety and Health, "Bridging the Occupational, Safety and Health Gap through a Prevention Culture" organised by the Malaysian National Institute of Occupational Safety and Health ("NIOSH").

## SUSTAINABLE MANUFACTURING

In the printing industry, green initiatives and sustainable manufacturing practices gained its momentum and attention from various stakeholders such as regulators, customers, suppliers and end-users.

### Sustainable Raw Material

As sustainability practices gain traction in the printing industry, the demand for the use of vegetable-based ink is starting to increase. Industry players including our customers believe that the use of vegetable-based ink helps to eliminate or reduce greenhouse gas emissions, particularly volatile organic compounds ("VOCs") and have commenced development for its use.

For selected products, soy-based printing inks are used to gradually reduce carbon footprint in the manufacturing process. This will eventually improve the air quality and help to create a healthier working environment for our employees. In FY2017, we observed an increase of 0.5% in the consumption of soy-based ink.

### Application of Technological Innovation

At TWPM, there were two gravure printing machines that are equipped with defect detection device. The aforementioned device is able to detect printing defects on the production line such as misalignment, embossing/debossing and ink smearing. The defected print materials are automatically ejected from the quality prints. In addition, two offline inspection machines are also deployed in TWPM to provide "Zero Defect Products" for selected customer end-markets. These machines are equipped with technologies that are able to efficiently and effectively detect printing defects by mirroring the images of print materials against that of right quality.

# Sustainability Statement

*cont'd*

As a result, a significant reduction in the number of customer complaints, particularly issues related to product quality was achieved after the introduction of the offline inspection machines.

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

Around the world, there has been an increased focus on integrating sustainability practices across supply chain of business operations.

Performance of our suppliers are monitored through audits and annual on-site assessments based on a set of criteria, focusing on key areas such as product quality, price competitiveness and security of supply. Based on the audit and assessment results, suppliers are required to undertake necessary actions to rectify and improve the identified issues.

After a specific period of time, we will re-evaluate the suppliers' performance. The services with suppliers will be terminated, if they are found to be consistently under-performing and breach contractual obligations. During the reporting period, all suppliers have maintained their performance within the targets set by TWPM.

### Local Procurement

At TWPH, we believe that diverse suppliers from both local and international markets will bring exclusive values that support our business whilst affirming our commitment to enhancing local economy. In FY2017, TWPM's expenditure on purchases of goods and services from local suppliers had increased by 52%.

### Accreditation by Programme for the Endorsement of Forest Certification ("PEFC")

TWPM is accredited by PEFC for the use of sustainable materials for cigarette and general packaging. TWPM is audited by representatives from the PEFC certification body, on an annual basis. The key areas of assessment include sourcing of print materials from PEFC certified suppliers and proper segregation and storage of these materials. In year 2017, our consumption of PEFC-certified papers had increased to 38% of the total consumption volume.

## ACHIEVEMENT-ORIENTED WORKFORCE

Our employees have steadily become a formidable force that drive the Group's sustainable growth, amidst dynamic operating environment. At TWPH, positive values are nurtured by maintaining a safe and healthy working environment and offering various opportunities for career advancement.

## OCCUPATIONAL HEALTH & SAFETY

We instil and integrate strong operational discipline into our employees' day-to-day operational practices. This is in compliance with our Safety & Health Policy.

TWPM has established the Safety, Health and Environment ("SHE") Committee, which is responsible to develop safety and health-related procedures and monitor the progress of all safety, health and environment related programme. This includes reviewing the effectiveness of the programme and carrying out investigations on accidents/incidents that take place at the workplace and followed by reporting to the Management.

The SHE Committee comprises of representatives from various functional departments. The SHE Committee meets on a quarterly basis to discuss on the progress of implementation of measures and other key matters related to the Company's safety practices.

### Progressive change in safety culture

Safety and health issues are vital as we strive to live by our objective – to achieve zero accidents. We have implemented a series of safety-related measures to eliminate potential health and safety related risks. Our key measures are outline below:-

- Providing adequate personnel protective equipment ("PPE") to protect our employees against any potential hazard within the premises.
- Conducting fire drill on an annual basis to assess the effectiveness of our fire protection system and evacuation plans in the event of emergency situations.
- Permit-To-Work ("PTW") System is in place to assess and minimise safety-related risks during the execution of work by contractors/sub-contractors within TWPM's premises. Contractors are required to submit the permit to Management of TWPM prior to commencement of work.

# Sustainability Statement

*cont'd*

- Conducting the Hazard Identification, Risk Assessment and Risk Controls (“HIRARC”) assessment to evaluate hazards and its associated risks. The respective Head of Department is responsible to perform the assessment based on the set level of likelihood of occurrence of particular hazard and severity of damage or injury. The results of the assessment are reported and discussed in the SHE Committee meeting. The outcome of the assessment will provide an objective measure on an identified hazard as well as a method to control the risks.
- Performing annual medical check-up or surveillance to assess the level of our employees’ exposure to hazardous chemicals and to prevent work-related injuries and disease.
- Conducting annual safety and health-related inspections, either by our SHE Manager or an external Consultant. The examples of inspections include fire inspection, chemical exposure monitoring, audio-metric/noise monitoring, water analysis and local and general exhaust ventilation monitoring. During the reporting year, we are in compliance with the standards set by the regulators.

## Safety Training

TWPH continuously educate its employees by conducting series of health and safety-related trainings for both management and non-management staff. The examples of training programme provided for targeted participants from TWPM are summarised in the **Table 3** below.

**Table 3: Number of safety-related trainings attended by targeted participants from TWPM**

Targeted participants	Number of safety-related trainings attended
Management	2
Non-Management	2

## Safety Performance

The effectiveness of health and safety-related initiatives are vigilantly monitored by the SHE Committee and Senior Management. This process is guided by the Safety, Handling, Investigation and Reporting of Accidents and Incidents Procedure.

In the event of a minor incident/major accident, the SHE Manager will receive an immediate report, followed by thorough inspection and analysis on the underlying cause of the incident/accident. Subsequently, mitigation action plans are carried out to improve existing safety protection system and reduce and ultimately eliminate the risks.

The summary of incidents/accidents is reported to Management on a monthly basis. The information/progress updates, where required, are submitted to the Department of Occupational Safety and Health on a yearly basis.

In FY2016 and FY2017, TWPM maintained its performance of SHE-related indicators to be well on target.

## LEARNING & DEVELOPMENT

Developing and empowering talented and skilled employees remains one of our top priorities. TWPH learning and development programme is constantly reviewed and updated to reflect the latest best practices. This is guided by an annual Training Need Analysis (“TNA”), which is conducted by the respective Head of Department. Based on the outcome of TNA, the Human Resource (“HR”) Department will plan and design the training programme for respective employee.

On top of that, we provide study loans and subsidies to our permanent employees. Employees are encouraged to register for the courses that are beneficial to promote their career growth. The application from employees is reviewed and approved by the HR Department and CEO with reference to the recommendations provided by respective Head of Department.

# Sustainability Statement

cont'd

In FY2017, TWPM invested an approximate amount of RM 43,500 to provide various learning and development programme, aimed to enhance both technical and soft skills of our employees. The examples of technical and non-technical training programme are summarised in **Table 4** below.

**Table 4: Examples of training programme conducted by TWPM across various categories**

Training Categories	Examples of training programme
Technical	<ul style="list-style-type: none"> <li>■ Operations Management</li> <li>■ Quality Improvement</li> <li>■ Security &amp; Industrial Safety</li> </ul>
Non-Technical/ Soft skills	<ul style="list-style-type: none"> <li>■ Management &amp; Performance Development</li> <li>■ Financial Skills</li> <li>■ Updates on legislations &amp; regulations</li> </ul>

In TWPM, the targeted average training hour per employee is 7 hours. During the reporting year, we have achieved an average training hour of 3.2 hours per employee. There was a decrease of 46% in comparison to our targeted hour. This was mainly due to the cessation of the printing business in TWPM arising from the group’s re-organisation of its production footprint.

## FAIR EMPLOYMENT PRACTICES

We believe that hiring employees with qualified skills and expertise has enabled us to provide the best products and services to customers. We also strictly adhere to the requirements set by regulators and government agencies with respect to policies on minimum wages, working hours and human rights (including employees’ right for freedom of association). The Executive Handbook and Employees’ Conditions of Employment Agreement outline the terms and conditions for employment as well as our policies related to healthcare, retirement, insurance and remuneration.

TWPH offers a competitive base salary and performance-based reward and reviews its salary structure on an annual basis to ensure that it is aligned with the company performance and general industry practice.

## Performance Management

Performance management system is established to evaluate the performance of employees on an annual basis. The three-part process cycle begins with setting individual KPIs, followed by mid-year and year-end performance review. The process is applicable to all permanent employees including Management and non-Management executives.

## EMPLOYEE WELFARE

We believe that a highly motivated workforce is exceptionally productive and is able to minimise the rate of employee turnover.

Our employees are able to access the details of the entitled benefits packages and other incentives through internal announcements, emails and the Executive Handbook. The examples of basic benefits offered to our employees include insurance, medical claims (including optical and dental), cash and in-kind contributions. All employees are entitled for maternity, paternity, marriage and compassionate leaves.

In promoting work-life balance and building a more engaging workforce, TWPM organises sport events (e.g. bowling) and sponsors daily breakfast for all levels of employees. Other incentives include provision of uniforms and contribution of hampers for new-born babies of employees.

Employees with perfect attendance record across one and more quarters of the years are rewarded with special incentives. We believe that perfect attendance records demonstrates the high level of enthusiasm and productivity of employees. We have also established an in-house clinic which allows our employees and workers to conveniently receive immediate treatment from a qualified nurse.

## Employee Engagement

A Suggestion Box is available for our employees to bring up new ideas, comments and suggestions for improving internal processes and work environment. The following are examples of key actions taken in response to the comments and suggestions received from our employees:-

- Provided more PPE to employees working in the production areas to safeguard employees’ health and safety.

# Sustainability Statement

cont'd

- The Grievance Procedure in the Executive Handbook highlights the process for employees to raise their concerns and dissatisfaction about work-related issues.

## Long Service Award

At TWPM, we organised the Long Service Award to reward our employees' loyalty, dedication and commitment to the Company. In FY2017, a total of seven employees received this Award for their contribution to the Company over 20 years.

## COMMUNITY DEVELOPMENT

Our corporate social responsibility ("CSR") initiatives focus on empowering and uplifting local communities. We provide basic needs, general trainings and youth development and educational programme. We encourage our employees to participate in a series of volunteering activities. Our employees voluntarily utilise this platform to make active contribution to the society, whilst upholding our corporate culture as a good corporate citizen.

In FY 2017, we supported various non-for-profit and charitable organisations through monetary and non-monetary contributions. These activities were participated by volunteers from TWPM. Recent examples include Down Syndrome and Hyper Active Children Care Centre for the down syndrome and hyper active children, PJ Shelter Home and Grace Community Service for low income and single parents, as well as Phyllis Caring Old Folks Home.

## ECO-CENTRIC CORPORATE CITIZEN

TWPM is keen to create an eco-friendly, healthy and safe working environment. As a testament to this, TWPM is certified by ISO 14001 Environmental management system. As stipulated in our Environmental Policy and Safety and Health Policy, great emphasis is placed on environmental-related considerations in managing business operations and making key business decisions. The SHE Committee is responsible for monitoring and reporting on the performance of the Company's environmental-related action plans to Management. This includes monitoring of both hazardous and non-hazardous waste generation, energy consumption, air emissions and water consumption. SHE Committee is supported by relevant process owners from various departments.

## WASTE MANAGEMENT

TWPM's hazardous waste management process is administered by the Handling and Storage of Scheduled Waste Policy. All hazardous wastes are segregated, properly packaged, labelled, stored separately at designated areas and disposed safely through licensed waste collectors, which are registered under local authorities. The amount of scheduled waste generated, stored and disposed are reported to the Department of Environment ("DOE") on a regular basis. The examples of significant scheduled waste generated and disposed from our production plants are used solvent, ink sludge, contaminated rags and contaminated drum. In FY2017, our total quantity of hazardous waste generated has reduced by 23%.

In addition to that, TWPM has implemented several initiatives to reduce waste generation by recycling the used materials such as paper, board, pallet, solvent and ink. As at December 2017, a total quantity of 1387 tonnes of paper board/pallets was recycled, in comparison to 1510 tonne in FY2016.

### Paper/Board

recycled boards are used in the make-ready stage to minimise overall production wastage

### Pallet

the reusable pallets which are in good condition will be reused by TWPM

### Recycled solvents

used for cleaning purposes (i.e. printing cylinders, spare parts)

### Used Ink

current pumped-out/ recycled ink is continuously used for test-runs and normal production run

## ENERGY MANAGEMENT

In TWPM, we implemented several energy-saving measures to reduce both the energy consumption and electricity expenditure. For example, energy saving Light-emitting Diode ("LED") lights are installed in the operating areas (e.g. admin office, printing divisions and canteen), and where possible, maximise the usage of natural lighting in the production area. Signage are also posted to remind all employees "please turn off when not in use" at the main areas (e.g. production area, canteen and resting areas), as part promoting environmental awareness at workplace.

# Sustainability Statement

*cont'd*

TWPM managed to reduce its carbon footprint and operational cost. As at December 2017, we have utilised 3,833 MWh of electricity, in comparison to 4,553 MWh in FY2016. This has shown a decrease by 19%, due the cessation of the printing business in TWPM arising from the group's re-organisation of its production footprint resulting in lesser production activities after the transfer of production volume to another operating unit in Vietnam.

## **AIR EMISSION**

On a yearly basis, third party consultants are engaged to inspect the Local and General Exhaust Ventilation System ("LEV" and "GEV") to ensure our employees and the environment are protected from hazardous substances. The LEV and GEV systems are examined and tested for its effectiveness to ensure compliance with the Occupational, Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) 2000 and Environmental Quality Act 1978.

During the reporting period, the level of emissions were within the permissible limit, as set by the Department of Environment.

## **WATER MANAGEMENT**

Water is mainly used for humidification and washing across various stages of the production process. Preventive maintenance activities are consistently carried out to prevent leakages across water pipeline system.

Sustainability is a continuous journey - we will continue to monitor and leverage on sustainability practices to increase business profitability and bring value to our stakeholders. We will progressively enhance our disclosures and reporting on our sustainability performance in the coming years.

Sustainability is a continuous journey – we will continue to monitor and leverage on sustainability practices to increase business profitability and bring value to our stakeholders. We will progressively enhance our disclosure and reporting on our sustainability performance in the coming years.

# Financial Statements

68	Directors' Report
73	Statements of Financial Position
75	Statements of Profit or Loss and Other Comprehensive Income
77	Consolidated Statements of Changes in Equity
78	Statements of Changes in Equity
79	Statements of Cash Flows
82	Notes to the Financial Statements
148	Statement by Directors
148	Statutory Declaration
149	Independent Auditors' Report to the Members of Tien Wah Press Holdings Berhad



# Directors' Report

for the year ended 31 December 2017

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year other than Anzpac Services (Australia) Pty Limited, which has ceased its printing business operation and has changed its principal activity to letting of investment properties with effect from September 2017 onwards.

## ULTIMATE HOLDING CORPORATION

The Directors regard New Toyo International Holdings Ltd, which is incorporated in the Republic of Singapore and listed on the Singapore Exchange Securities Trading Limited as the ultimate holding corporation, during the financial year and until the date of this report.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(19,685)	(7,529)
Non-controlling interests	(13,507)	-
	(33,192)	(7,529)

## RESERVES AND PROVISIONS

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

## DIVIDENDS

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

- i) In respect of the financial year ended 31 December 2016 as reported in the Directors' Report of that year, a final single-tier dividend of 8 sen per ordinary share totalling RM11,579,400 declared on 23 February 2017 and paid on 30 June 2017; and
- ii) In respect of the financial year ended 31 December 2017, an interim single-tier dividend of 2 sen per ordinary share totalling RM2,894,850 declared on 8 August 2017 and paid on 27 October 2017.

On 26 February 2018, the Directors declared a final single-tier dividends in respect of the financial year ended 31 December 2017 of 4 sen per ordinary share totalling RM5,789,700.

# Directors' Report

for the year ended 31 December 2017  
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	
Lee Chee Whye	
Tung Kum Hon	<i>(Appointed on 1 August 2017)</i>
John David Cambridge	<i>(Appointed on 18 May 2017)</i>
Dr. Ong Eng Leng @ Ong Eng Lin	<i>(Appointed on 18 May 2017)</i>
YM Tengku Djan Ley Bin Tengku Mahaleel	<i>(Appointed on 26 February 2018)</i>
Lim Teck Leong David	<i>(Resigned on 8 November 2017)</i>
Mej. Jen. (B) Datuk Abdul Kadir bin Nordin	<i>(Retired on 18 May 2017)</i>
Lee Cheow Fui	<i>(Retired on 18 May 2017)</i>
Datuk Toh Ah Wah	<i>(Retired on 8 May 2017)</i>

## DIRECTORS OF THE SUBSIDIARIES

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

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

Lee Chee Whye  
Wong Jin Sheng  
Yoong Loong Yan

### ii) Tien Wah Properties Sdn. Bhd.

Yen Wen Hwa @ Ngan Tzee Manh  
Lee Chee Whye  
Lam Hoi Khong *(Appointed on 20 March 2017)*

### iii) Alliance Print Technologies FZE

Clement Soon Leng Huat *(Appointed on 22 January 2017)*

### iv) New Toyo Investments Pte. Ltd.

Lee Chee Whye  
Ong Liang Win

### v) Max Ease International Limited

Angela Heng Chor Kiang  
Lee Chee Whye

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

Yen Wen Hwa @ Ngan Tzee Manh  
Angela Heng Chor Kiang  
Lee Chee Whye  
Kenneth G Starch *(Appointed on 11 December 2017)*  
Steve David Arduin *(Resigned on 4 September 2017)*

# Directors' Report

for the year ended 31 December 2017

cont'd

## DIRECTORS OF THE SUBSIDIARIES (continued)

### vii) PT Bintang Pesona Jagat

Angela Heng Chor Kiang  
Lee Chee Whye  
Allan John Sarte Laceda  
Ir. Iwan Prasetyo, MM

### viii) Max View Holdings Limited

Angela Heng Chor Kiang  
Lee Chee Whye

### ix) Alliance Print Technologies Co., Ltd

Tan Poh Hin Errol (Resigned on 30 November 2017)  
Lee Chee Whye  
Nguyen Lam Xuan Thuy (Appointed on 1 December 2017)

## 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 1.1.2017	Bought	Sold	At 31.12.2017
<b>Company</b>				
<b>Deemed interests</b>				
Yen Wen Hwa @ Ngan Tzee Manh	79,084,200	-	-	79,084,200
<b>Fully paid ordinary shares with no par value (SGD)</b>				
<b>Ultimate Holding Corporation</b>				
<b>Direct interests</b>				
Angela Heng Chor Kiang	500,000	-	-	500,000
Yen Wen Hwa @ Ngan Tzee Manh	139,959,164	-	-	139,959,164
<b>Deemed interests</b>				
Yen Wen Hwa @ Ngan Tzee Manh	87,910,517	-	-	87,910,517

None of the other Directors holding office at 31 December 2017 had any interest in the ordinary shares and option over shares of the Company and of its related corporations during the financial year.

# Directors' Report

for the year ended 31 December 2017  
cont'd

## 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 to the financial statements.

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

## ISSUES OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the financial year except for the transfer of share premium pursuant to Section 618(2) of the Companies Act 2016 amounting to RM11,444,000 which became part of the issued share capital of the Company. 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 was no indemnity cost for Directors or officers of the Group. The insurance cost for Directors and officers liability of the Group was RM24,390 (2016: RM23,171).

## 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 realise 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 2017

*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, except for the significant event as disclosed in Note 32 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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.

### EVENTS SUBSEQUENT TO FINANCIAL YEAR END

Refer to Note 33 to the financial statements.

### AUDITORS

The auditors, KPMG PLT, 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**

*Director*

**Lee Chee Whye**

*Director*

Petaling Jaya, Selangor

Date: 20 March 2018

# Statements of Financial Position

as at 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Assets</b>					
Property, plant and equipment	3	249,008	262,936	538	261
Investment properties	4	43,451	-	-	-
Intangible assets	5	80,178	91,497	-	-
Investment in subsidiaries	6	-	-	98,196	111,069
Investment in joint ventures	7	6,455	5,938	6,430	6,430
Deferred tax assets	8	2,314	1,496	-	-
Trade and other receivables	9	3,606	8,662	66,931	21,577
<b>Total non-current assets</b>		<b>385,012</b>	<b>370,529</b>	<b>172,095</b>	<b>139,337</b>
Trade and other receivables	9	149,418	155,269	51,060	81,360
Inventories	10	82,006	85,571	-	-
Current tax assets		1,478	1,178	-	-
Cash and cash equivalents	11	33,043	72,067	3,588	27,732
		265,945	314,085	54,648	109,092
Assets classified as held for sale	31	442	-	-	-
<b>Total current assets</b>		<b>266,387</b>	<b>314,085</b>	<b>54,648</b>	<b>109,092</b>
<b>Total assets</b>		<b>651,399</b>	<b>684,614</b>	<b>226,743</b>	<b>248,429</b>
<b>Equity</b>					
Share capital	12	156,187	144,743	156,187	144,743
Reserves	13	176,974	236,576	61,018	94,465
<b>Total equity attributable to owners of the Company</b>		<b>333,161</b>	<b>381,319</b>	<b>217,205</b>	<b>239,208</b>
<b>Non-controlling interests</b>	6	<b>34,237</b>	<b>47,670</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>367,398</b>	<b>428,989</b>	<b>217,205</b>	<b>239,208</b>

The notes on pages 82 to 147 are an integral part of these financial statements.

## Statements of Financial Position

as at 31 December 2017

cont'd

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Liabilities</b>					
Deferred tax liabilities	8	3,235	8,524	-	-
Employee benefits	14	662	822	-	300
Loans and borrowings	15	66,207	87,209	251	1
Trade and other payables	16	33,143	12,409	-	-
<b>Total non-current liabilities</b>		103,247	108,964	251	301
Loans and borrowings	15	67,804	50,952	3,061	4
Trade and other payables	16	112,578	95,513	6,226	8,916
Current tax liabilities		372	196	-	-
<b>Total current liabilities</b>		180,754	146,661	9,287	8,920
<b>Total liabilities</b>		284,001	255,625	9,538	9,221
<b>Total equity and liabilities</b>		651,399	684,614	226,743	248,429

The notes on pages 82 to 147 are an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>					
- Sale of goods		416,674	328,704	-	-
- Rental income		635	-	-	-
- Gross dividend income		-	-	13,629	27,691
		417,309	328,704	13,629	27,691
Cost of sales		(366,168)	(272,577)	-	-
<b>Gross profit</b>		51,141	56,127	13,629	27,691
Other income		6,070	42,683	7,571	33,056
Distribution expenses		(7,911)	(8,786)	-	-
Administrative expenses		(33,404)	(29,795)	(8,927)	(8,822)
Other expenses		(49,530)	(13,389)	(23,424)	(1,281)
<b>Results from operating activities</b>		(33,634)	46,840	(11,151)	50,644
Finance income		3,673	1,945	3,882	1,997
Finance costs	17	(6,525)	(2,168)	(250)	(470)
<b>Net finance (costs)/income</b>		(2,852)	(223)	3,632	1,527
Share of loss of equity accounted joint venture, net of tax	7	(484)	(525)	-	-
Share of profit of equity accounted associate, net of tax		-	5,102	-	-
<b>(Loss)/Profit before tax</b>	18	(36,970)	51,194	(7,519)	52,171
Taxation	21	3,778	1,409	(10)	(14)
<b>(Loss)/Profit for the year</b>		(33,192)	52,603	(7,529)	52,157
<b>Other comprehensive (loss)/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		(13,925)	7,107	-	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>	19	(13,925)	7,107	-	-
<b>Total comprehensive (loss)/income for the year</b>		(47,117)	59,710	(7,529)	52,157

The notes on pages 82 to 147 are an integral part of these financial statements.

## Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017  
cont'd

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(19,685)	64,188	(7,529)	52,157
Non-controlling interests		(13,507)	(11,585)	-	-
<b>(Loss)/Profit for the year</b>		<b>(33,192)</b>	<b>52,603</b>	<b>(7,529)</b>	<b>52,157</b>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(33,684)	69,159	(7,529)	52,157
Non-controlling interests		(13,433)	(9,449)	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(47,117)</b>	<b>59,710</b>	<b>(7,529)</b>	<b>52,157</b>
<b>Basic (loss)/earnings per ordinary share (sen)</b>	22	<b>(13.60)</b>	<b>44.77</b>		

The notes on pages 82 to 147 are an integral part of these financial statements.

# Consolidated Statements of Changes in Equity

for the year ended 31 December 2017

Group	Note	← Attributable to owners of the Company →					Non-controlling interests	Total equity
		Share capital	Share premium	Translation reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<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
<b>At 1 January 2017</b>		144,743	11,444	35,140	189,992	381,319	47,670	428,989
Foreign currency translation differences for foreign operations		-	-	(13,999)	-	(13,999)	74	(13,925)
Total other comprehensive loss for the year		-	-	(13,999)	-	(13,999)	74	(13,925)
Loss for the year		-	-	-	(19,685)	(19,685)	(13,507)	(33,192)
<b>Total comprehensive loss for the year</b>		-	-	(13,999)	(19,685)	(33,684)	(13,433)	(47,117)
Transfer in accordance with Section 618(2) of the Companies Act 2016	12	11,444	(11,444)	-	-	-	-	-
Dividends to owners of the Company	23	-	-	-	(14,474)	(14,474)	-	(14,474)
<b>Total transactions with the owners of the Company</b>		11,444	(11,444)	-	(14,474)	(14,474)	-	(14,474)
<b>At 31 December 2017</b>		156,187	-	21,141	155,833	333,161	34,237	367,398

The notes on pages 82 to 147 are an integral part of these financial statements.

## Statements of Changes in Equity

for the year ended 31 December 2017

Company	Note	Attributable to owners of the Company			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Retained earnings RM'000	
<b>At 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		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 2016/1 January 2017</b>		144,743	11,444	83,021	239,208
Loss and total comprehensive loss for the year		-	-	(7,529)	(7,529)
Transfer in accordance with Section 618(2) of the Companies Act 2016	12	11,444	(11,444)	-	-
Dividends to owners of the Company	23	-	-	(14,474)	(14,474)
<b>At 31 December 2017</b>		156,187	-	61,018	217,205

The notes on pages 82 to 147 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2017

Note	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before tax	(36,970)	51,194	(7,519)	52,171
Adjustments for:				
Amortisation of intangible asset	4,334	1,401	-	-
Depreciation of property, plant and equipment	36,400	26,604	83	75
Dividend income	-	-	(13,629)	(27,691)
Gain on disposal of property, plant and equipment	(34)	(32,533)	(16)	-
Property, plant and equipment written off	-	412	-	-
Inventory written off	4,581	1,192	-	-
Finance costs	6,525	2,168	250	470
Finance income	(3,673)	(1,945)	(3,882)	(1,997)
Gain on disposal of an associate	-	(936)	-	(24,267)
Retirement benefits provided	106	39	74	15
Redundancy expense	31,046	12,436	-	-
Provision for:				
- annual leaves	429	2,037	23	(18)
- long-service leave	430	141	-	-
Impairment of:				
- property, plant and equipment	7,280	-	-	-
- investment in subsidiary	-	-	14,078	-
Share of loss/(profit) of equity-accounted:				
- joint venture, net of tax	484	525	-	-
- associate, net of tax	-	(5,102)	-	-
Unrealised loss/(gain) on foreign exchange differences	4,410	(2,118)	9,313	(4,908)
Operating profit/(loss) before changes in working capital	55,348	55,515	(1,225)	(6,150)
Changes in working capital:				
Inventories	(4,275)	6,870	-	-
Trade and other receivables	(10,758)	(20,712)	525	8,926
Trade and other payables	27,573	12,225	(674)	634
<b>Cash generated from/(used in) operations</b>	<b>67,888</b>	<b>53,898</b>	<b>(1,374)</b>	<b>3,410</b>
Dividend received	-	-	13,629	21,961
Interest received	3,673	1,945	3,882	1,997
Employee benefits used	(36,460)	(17,217)	-	-
Income tax paid	(2,413)	(3,390)	(10)	(14)
<b>Net cash from operating activities</b>	<b>32,688</b>	<b>35,236</b>	<b>16,127</b>	<b>27,354</b>

The notes on pages 82 to 147 are an integral part of these financial statements.

## Statements of Cash Flows

for the year ended 31 December 2017

cont'd

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of:					
- property, plant and equipment		(103,790)	(37,630)	(430)	(5,230)
- subsidiary, net of cash and cash equivalents acquired		-	(102,794)	-	-
Additions to:					
- intangible assets		-	(6,280)	-	-
- investment in a subsidiary		-	-	(1,206)	-
Investment in joint venture		(1,000)	(5,000)	-	-
Proceeds from disposal of:					
- property, plant and equipment		11,633	8,409	86	5,189
- an associate	(ii)	15,267	10,500	15,267	10,500
Change in pledged deposits		(3)	(4)	-	-
Dividend received		-	5,730	-	5,730
<b>Net cash (used in)/from investing activities</b>		<b>(77,893)</b>	<b>(127,069)</b>	<b>13,717</b>	<b>16,189</b>
<b>Cash flows from financing activities</b>					
Proceeds from:					
- loans and borrowings		312,563	267,248	3,326	-
- issue of ordinary shares		-	48,248	-	48,248
Dividends paid to:					
- owners of the Company		(14,474)	(19,299)	(14,474)	(19,299)
- non-controlling interest		-	(5,049)	-	-
Interest paid		(6,525)	(2,168)	(250)	(470)
Repayment of loans and borrowings		(304,176)	(203,362)	(19)	(4)
Advance to subsidiaries		-	-	(42,659)	(49,148)
Advance from/(repayment to) ultimate holding corporation		21,235	4,773	88	(3,093)
Rights issue expenses		-	(1,060)	-	(1,060)
<b>Net cash generated from/(used in) financing activities</b>		<b>8,623</b>	<b>89,331</b>	<b>(53,988)</b>	<b>(24,826)</b>
Net (decrease)/increase in cash and cash equivalents		(36,582)	(2,502)	(24,144)	18,717
Effect of exchange rate fluctuations on cash held		(2,445)	3,235	-	-
Cash and cash equivalents at 1 January		71,958	71,225	27,732	9,015
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>32,931</b>	<b>71,958</b>	<b>3,588</b>	<b>27,732</b>

The notes on pages 82 to 147 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2017

cont'd

## Notes to Statement of cash flows

### (i) Cash and cash equivalents

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

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	11	32,725	42,535	3,518	8,131
Deposits with licensed banks	11	318	29,532	70	19,601
		33,043	72,067	3,588	27,732
Less: Deposits pledged	11	(112)	(109)	-	-
		32,931	71,958	3,588	27,732

### (ii) Proceeds from disposal of an associate

In the previous financial year, the Group completed the disposal of its 30% equity interest in Benkert (Malaysia) Sdn. Bhd. for a total cash consideration of RM25,767,000 of which the remaining balance of RM15,267,000 was paid in the financial year ended 31 December 2017.

## 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 2017 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 6 to the financial statements.

The ultimate holding corporation during the financial year is New Toyo International Holdings Ltd., a corporation 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 20 March 2018.

### 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 2016 in Malaysia.

# Notes to the Financial Statements

cont'd

## 1. BASIS OF PREPARATION (continued)

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

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 2018**

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

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

- MFRS 16, *Leases*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Prepayment features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021**

- MFRS 17, *Insurance contracts*

#### **MFRSs, Interpretations and amendments effective for 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*

# Notes to the Financial Statements

cont'd

## 1. BASIS OF PREPARATION (continued)

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

The Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019.
- from the annual period beginning on 1 January 2021 for the accounting standard that is effective for annual periods beginning on or after 1 January 2021.

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*.

MFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces a new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The adoption of MFRS 15 will result in a change in accounting policy.

The Group manufactures and sells certain printing products for a customer under a non-cancellable exclusive rights to supply contract. Currently, the Group recognises revenue from contracts with customers after the significant risk and rewards of ownership is transferred to the customers. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers when the performance obligations are satisfied over time. The Group will apply MFRS 15 retrospectively and will take advantage of the exemptions allowing it not to restate comparative information for prior period from date of initial application. The cumulative effect of initially applying this Standard will be an adjustment to the opening retained earnings for the financial year ending 31 December 2018 which includes the date of initial application.

The potential impact on the opening retained earnings for financial year ending 31 December 2018 on initial application of MFRS 15 is as follows:

	<b>Retained earnings</b>
	<b>RM'000</b>
At 1 January 2018, as previously reported	155,833
Impact on initial application of MFRS 15	1,602
At 1 January 2018, restated	<u>157,435</u>

# 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.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The Group has assessed the estimated impact that the initial application of ECL model will have on the financial statements as at 1 January 2018 and based on assessment undertaken to date, the Group does not expect the impact to be material.

#### (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*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group is currently assessing the financial impact that may arise from the adoption of amendments to 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.

# Notes to the Financial Statements

cont'd

## 1. BASIS OF PREPARATION (continued)

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

The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are as follow:

#### Impairment of intangible assets and goodwill

The Group tests intangible assets and goodwill for impairment annually and where there are indicators of impairment. The recoverable amounts of cash generating units ("CGU") were determined based on the value in use calculations. For the value in use calculations, significant judgement is required in the estimation of the present value of future cash flows generated, which involve uncertainties and could be significantly affected by the assumptions used and judgements made regarding estimation of future cash flows and discount rates as set out in Note 5 to the financial statements.

The Directors are of the opinion that any reasonably expected changes in key assumptions used to determine the recoverable amount would not result in any impairment.

## 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.

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.

# Notes to the Financial Statements

*cont'd*

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (ii) Business combinations (continued)

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.

#### (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) Joint Arrangements

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.

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.

# Notes to the Financial Statements

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### (vii) 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.

#### (viii) 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 gain 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(j)(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.

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.

# Notes to the Financial Statements

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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	3 – 15 years
• Motor vehicles	Between	5 – 10 years
• Furniture, fittings and office equipment	Between	3 – 10 years
• Air conditions	Between	5 – 10 years

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

# Notes to the Financial Statements

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Freehold land is shown at historical cost and is not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of an asset, or other substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives. The investment properties will be depreciated over its estimated useful lives of 40 years. Rental income from investment properties is accounted for in the manner described in Note o (iii).

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### (f) 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.

# Notes to the Financial Statements

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Leased assets (continued)

#### (ii) Operating lease (continued)

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

### (g) Intangible assets

#### (i) Goodwill

Goodwill arising 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.

#### (ii) Contract value

Contract value is measured at cost less any accumulated amortisation and any 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.

### (h) 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.

# Notes to the Financial Statements

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) 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.

### (j) 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.

# Notes to the Financial Statements

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Impairment (continued)

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

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.

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.

### (k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

### (l) Employee benefits

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

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

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

#### (ii) 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)

### (l) 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.

### (m) Provisions

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

### (n) 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)

### (o) 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 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.

Rental income from investment properties is recognised in profit or loss on a straight-line basis 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.

### (p) 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)

### (q) 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 nor 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.

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.

### (r) 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.

### (s) 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.

### (t) 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.

# Notes to the Financial Statements

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## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (t) Fair value measurement (continued)

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.

### (u) 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 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 2016/1 January 2017	37,864	26,600	19,259	400,494	1,284	18,601	1,042	505,144
Additions	-	1,899	-	70,880	406	574	30,031	103,790
Disposals	-	-	-	(52,936)	(225)	(38)	-	(53,199)
Transfer to investment properties	(30,850)	-	(18,770)	-	-	-	-	(49,620)
Reclassification	-	-	-	671	-	-	(671)	-
Transfer to assets held for sale	-	-	-	(2,471)	-	-	-	(2,471)
Effect of movements in exchange rates	(2,739)	(2,489)	(489)	(20,871)	(71)	(511)	(3,121)	(30,291)
At 31 December 2017	4,275	26,010	-	395,767	1,394	18,626	27,281	473,353
<b>Accumulated depreciation and impairment loss</b>								
At 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 January 2017	1,274	2,359	5,577	218,536	705	13,757	-	242,208
Charge for the year	117	1,291	848	32,969	151	1,024	-	36,400
Impairment loss	-	-	-	6,908	1	371	-	7,280
Disposals	-	-	-	(41,855)	(155)	(32)	-	(42,042)
Transfer to investment properties	-	-	(6,105)	-	-	-	-	(6,105)
Transfer to assets held for sale	-	-	-	(2,029)	-	-	-	(2,029)
Effect of movements in exchange rates	(228)	(449)	(320)	(10,024)	(28)	(318)	-	(11,367)
At 31 December 2017	1,163	3,201	-	204,505	674	14,802	-	224,345
<b>Carrying amounts</b>								
At 1 January 2016	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
At 31 December 2017	3,112	22,809	-	191,262	720	3,824	27,281	249,008

# 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 2016	-	214	147	361
Additions	5,187	43	-	5,230
Disposal	(5,187)	(2)	-	(5,189)
At 31 December 2016/1 January 2017	-	255	147	402
Additions	-	24	406	430
Disposal	-	-	(148)	(148)
At 31 December 2017	-	279	405	684
<b>Accumulated depreciation</b>				
At 1 January 2016	-	25	41	66
Charge for the year	-	46	29	75
Disposal	-	-	-	-
At 31 December 2016/1 January 2017	-	71	70	141
Charge for the year	-	54	29	83
Disposal	-	-	(78)	(78)
At 31 December 2017	-	125	21	146
<b>Carrying amounts</b>				
At 1 January 2016	-	189	106	295
At 31 December 2016	-	184	77	261
At 31 December 2017	-	154	384	538

### 3.1 Leased assets

At 31 December 2017, the net carrying amounts of leased office equipment and motor vehicle of the Group amounting to RM385,300 (2016: RM7,960) and the Company amounting to RM385,300 (2016: RM4,110) were under finance lease arrangements (see Note 15).

### 3.2 Security

Certain property, plant and equipment of a subsidiary with a total carrying amount of RM11,715,000 (2016: NIL) as at end of the financial year were charged to a bank as security for loans and borrowings. See Note 15 to the financial statements.

# Notes to the Financial Statements

cont'd

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

### 3.3 Impairment loss

In 2017, the Group announced the planned cessation of the printing business operations of Anzpac and TWPM.

The proposed cessation of the printing business operations is in line with the Group's re-organisation of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term.

In relation to the aforesaid proposed cessation, the Group has recognised an impairment loss of RM7,280,297 (2016: NIL) with respect to plant and machineries, motor vehicles and furniture, fittings and office equipment.

## 4. INVESTMENT PROPERTIES

	Group	
	2017	2016
	RM'000	RM'000
<b>Cost</b>		
At 1 January	-	-
Transfer from property, plant and equipment	49,620	-
At 31 December	49,620	-
<b>Accumulated depreciation</b>		
At 1 January	-	-
Transfer from property, plant and equipment	6,169	-
At 31 December	6,169	-
<b>Carrying amount</b>	43,451	-

Investment properties comprise factory and office building that are leased to a third party. The lease contains a non-cancellable period of 3 years.

The investment properties have an estimated market value of RM61,854,000 at 31 December 2017 based on independent valuations obtained on 1 January 2017 by property valuers on open market value basis.

Gross rental income of RM634,000 (2016: NIL) was derived from investment properties during the year.

### Fair value information

The fair values of investment properties were categorised as follows:

	Group	
	2017	2016
	RM'000	RM'000
<b>Level 3</b>		
Land and buildings	61,854	-

# Notes to the Financial Statements

cont'd

## 4. INVESTMENT PROPERTIES (continued)

### Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

#### Level 3 fair value

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Capitalisation of net income approach: The valuation is derived by applying yield to both the potential fully let passing net income (initial yield) and the potential reversionary net income (reversionary). The adopted capitalisation rate is derived from the yields indicated by sales of similar property investments.	Core capitalisation rate: 7%	The estimated fair value would increase (decrease) if the core capitalisation rate were lower (higher).

## 5. INTANGIBLE ASSETS

Group	Goodwill RM'000	Contract value RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2016	14,975	44,683	59,658
Acquisition of a subsidiary	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 2016/1 January 2017	72,201	62,738	134,939
Effect of movements in exchange rates	(5,391)	(5,907)	(11,298)
At 31 December 2017	66,810	56,831	123,641
<b>Amortisation</b>			
As at 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 2016/1 January 2017	-	43,442	43,442
Amortisation for the year	-	4,334	4,334
Effect of movements in exchange rates	-	(4,313)	(4,313)
At 31 December 2017	-	43,463	43,463

# Notes to the Financial Statements

cont'd

## 5. INTANGIBLE ASSETS (continued)

Group	Goodwill RM'000	Contract value RM'000	Total RM'000
<b>Carrying amounts</b>			
At 1 January 2016	14,975	4,468	19,443
At 31 December 2016	72,201	19,296	91,497
At 31 December 2017	66,810	13,368	80,178

Note:

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

### 5.1 Amortisation

Amortisation of contract value is recognised as "other expenses".

### 5.2 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 2017 RM'000	Group 2016 RM'000
<b>Goodwill</b>	a	66,810	72,201
<b>Contract Value</b>			
Max Ease International Limited	b	4,428	9,427
PT Bintang Pesona Jagat	c	8,940	9,869
		13,368	19,296
		80,178	91,497

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 ("CGU") covering operations in Vietnam, Indonesia and United Arab Emirates 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.

# Notes to the Financial Statements

cont'd

## 5. INTANGIBLE ASSETS (continued)

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

#### 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:

- i) Cash flows were projected based on a post-tax basis and correspondingly, post-tax discount rates were used.
- ii) Cash flows were projected based on the 1 year (2016: 1 year) base financial budget approved by the Board of Directors in November 2017.
- iii) Terminal value at end of year 5 is based on year 5 projected cashflow discounted at the respective operating subsidiaries' post tax discount rates.
- iv) Tax rates are assumed to be:
  - statutory tax rates for subsidiaries in Vietnam, Indonesia and United Arab Emirates; and
  - zero tax rate for a subsidiary in Hong Kong, given current incentives enjoyed by that subsidiary which is zero-tax on export sales.
- v) An anticipated revenue growth rate of 7%, 10%, 11%, 4% and 6% in 2018, 2019, 2020, 2021 and 2022 respectively and thereafter zero growth was used in the cash flows (2016: 23%, 7%, 4%, 6% and 3% in 2017, 2018, 2019, 2020 and 2021 respectively and thereafter zero growth was used in cash flows).
- vi) 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	2017	2016
Vietnam	12.1% (pre-tax : 15.1%)	14% (pre-tax : 16.5%)
Hong Kong	7% (pre-tax : 7%)	9% (pre-tax : 9%)
Indonesia	11.6% (pre-tax : 15.4%)	15% (pre-tax : 17.5%)
United Arab Emirates	9.6% (pre-tax : 9.6%)	-
Malaysia	-	9% (pre-tax : 11.5%)
Australia	-	8% (pre-tax : 10.5%)

- vii) Cash flow projection for Australia and Malaysia subsidiary was excluded due to cessation of operations as announced on 15 June 2017 and 20 July 2017 respectively.
- viii) Foreign currency exchange rates do not fluctuate significantly from the exchange rates used in cash flows.
- ix) Assumed current level of annual maintenance costs is adequate to keep the machines in good working order.

# Notes to the Financial Statements

cont'd

## 5. INTANGIBLE ASSETS (continued)

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

#### Note a (continued)

- x) 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).
- xi) The Group is expected to successfully renew its rights to supply major customers' printed carton requirements upon the expiry of the existing agreements and to continue to supply over the projected period.
- xii) The Group will be able to continue its recovery of higher wastage for low volume production runs.
- xiii) The Group will enjoy continuous supply of products 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.

#### 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 subsidiaries, Max International Limited and Max View Holdings Limited entered into a Conditional Sale and Purchase Agreement to acquire PT Bintang Pesona Jagat. The acquisition came 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 5.2 (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

### 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	98,196	111,069

Details of the subsidiaries are as follow:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
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") (*)	United Arab Emirates	Packing and packaging material manufacturing.	100	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:				
i. Anzpac Services (Australia) Pty. Ltd. ("Anzpac") (*)	Australia	Printing packaging and paper board converting. With effective from September 2017 onwards, the principal activity has changed to letting of investment properties.	51	51
ii. Max View Holdings Limited ("MVHL") (+)	Hong Kong	Investment holding.	51	51
iii. PT Bintang Pesona Jagat ("BPJ") (*)	Indonesia	Printing and supplies of printing products.	51	51

# Notes to the Financial Statements

cont'd

## 6. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2017 %	2016 %
Subsidiary of NTIV:				
i. Alliance Print Technologies Co. Ltd. ("APT") (*)	Vietnam	Provision of printing services for tobacco packaging and paper services in general.	100	100

\* Audited by other member firms of KPMG International

+ Not audited by member firms of KPMG International

### 6.1 Impairment on investment in a subsidiary

The Company has reviewed the carrying value of investment in the subsidiaries at each financial year end and impairment losses will be recognised at a level considered adequate to provide for the potential non-recoverability of investments in subsidiaries. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but not limited to, the activities and financial position of the entities and market factors. The Company reviews and identifies balances that are to be impaired on a continuous basis.

In 2017, management noted an indication of impairment with respect to the investment in TWPM. As the Company's cost of investments was higher than the share of net assets of this subsidiary, an impairment loss of RM14,078,000 (2016: NIL) was made and recognised in "other expenses".

### 6.2 Non-controlling interests in subsidiaries

The subsidiary that has non-controlling interests ("NCI") is as follows:

	2017 MEIL Group	2016 MEIL Group
NCI percentage of ownership interest and voting interest	49%	49%
	RM'000	RM'000
Carrying amount of NCI	34,237	47,670
Loss allocated to NCI	(13,433)	(9,449)

# Notes to the Financial Statements

cont'd

## 6. INVESTMENT IN SUBSIDIARIES (continued)

### 6.2 Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

	2017 MEIL Group RM'000	2016 MEIL Group RM'000
<b>As at 31 December</b>		
Non-current assets	164,864	173,621
Current assets	91,349	118,824
Non-current liabilities	(103,615)	(107,811)
Current liabilities	(77,724)	(81,928)
Net assets	74,874	102,706
<b>Year ended 31 December</b>		
Revenue	323,873	256,595
Loss for the year	(27,983)	(25,065)
Total comprehensive loss	(27,832)	(20,706)
Cash flows used in operating activities	(23,215)	(19,656)
Cash flows used in investing activities	(15,772)	(101,192)
Cash flows generated from financing activities	5,934	85,853
Net decrease in cash and cash equivalents	(33,053)	(34,995)
Dividend paid to NCI	-	(5,049)

### 6.3 Restriction and covenants imposed by banks

	2017 RM'000	Group 2016 RM'000
Cash and cash equivalents	10,982	2,179
Other assets	245,232	290,266
	256,214	292,445

The covenant of a bank restricts MEIL 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.

The covenant of a bank restricts BPJ from declaring dividends without prior written consent of the bank.

# Notes to the Financial Statements

cont'd

## 7. INVESTMENT IN JOINT VENTURES

	TVDP RM'000	Group LCTW RM'000	Total RM'000
<b>2017</b>			
At cost:			
Unquoted shares	6,430	6,000	12,430
Share of post-acquisition reserves	25	(1,000)	(975)
Elimination of unrealised profit	-	(5,000)	(5,000)
	6,455	-	6,455

<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

	TVDP RM'000	Company LCTW RM'000	Total RM'000
<b>2017</b>			
At cost:			
Unquoted shares	6,430	-	6,430

<b>2016</b>			
At cost:			
Unquoted shares	6,430	-	6,430

## Notes to the Financial Statements

cont'd

### 7. INVESTMENT IN JOINT VENTURES (continued)

Details of the joint ventures are as follows:

Name of joint venture	Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2017	2016
			%	%
Toyo (Viet)-Dofico Print Packaging Co., Ltd ("TVDP")	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. ("LCTW")	Malaysia	Property development and property investment.	50	50

#### Summary financial information

Group	2017		Total RM'000
	TVDP RM'000	LCTW RM'000	
<b>As at 31 December</b>			
Non-current assets	11,739	64,055	75,794
Current assets	6,643	2,798	9,441
Current liabilities	(6,286)	(60,741)	(67,027)
Cash and cash equivalents	196	3,724	3,920
<b>Total net assets</b>	<b>12,292</b>	<b>9,836</b>	<b>22,128</b>
<b>Year ended 31 December</b>			
Profit/(loss)/Total comprehensive income/(loss) for the year	1,032	(1,618)	(586)
<b>Included in the total comprehensive income are:</b>			
Revenue	20,549	-	20,549
Depreciation and amortisation	(2,614)	(1,344)	(3,958)
Interest income	1	31	32
Interest expense	(57)	(2,725)	(2,782)
Income tax expense	-	(10)	(10)

# Notes to the Financial Statements

cont'd

## 7. INVESTMENT IN JOINT VENTURES (continued)

### Summary financial information (continued)

Group	2017	Total	
	TVDP LCTW		
	RM'000	RM'000	RM'000
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets	6,146	4,918	11,064
Unrecognised share of loss	-	82	82
Unrecognised share of other comprehensive loss	379	-	379
Elimination of unrealised profit	(70)	(5,000)	(5,070)
Carrying amount in the statement of financial position	6,455	-*	6,455

### Group's share of results for year ended 31 December

Group's share of income/(loss)	516	(809)	(293)
Group's share of other comprehensive loss	(615)	-	(615)
Group's share of total comprehensive loss	(99)	(809)	(908)

Group	2016	Total	
	TVDP LCTW		
	RM'000	RM'000	RM'000
<b>As at 31 December</b>			
Non-current assets	14,636	65,398	80,034
Current assets	13,272	4,608	17,880
Current liabilities	(15,758)	(60,703)	(76,461)
Cash and cash equivalents	338	150	488
Total net assets	12,488	9,453	21,941

### Year ended 31 December

Loss/Total comprehensive loss for the year	(1,050)	(546)	(1,596)
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Included in the total comprehensive loss are:

Revenue	16,334	-	16,334
Depreciation and amortisation	(2,981)	(317)	(3,298)
Interest income	2	12	14
Interest expense	(75)	(643)	(718)

## Notes to the Financial Statements

cont'd

### 7. INVESTMENT IN JOINT VENTURES (continued)

#### Summary financial information (continued)

Group	TVDP	2016	Total
	RM'000	LCTW RM'000	
<b>Reconciliation of net assets to carrying amount</b>			
<b>As at 31 December</b>			
Group's share of net assets	6,244	4,727	10,971
Unrecognised share of loss	-	273	273
Unrecognised share of other comprehensive income	(236)	-	(236)
Elimination of unrealised profit	(70)	(5,000)	(5,070)
Carrying amount in the statement of financial position	5,938	-*	5,938
<b>Group's share of results for year ended 31 December</b>			
Group's share of loss	(525)	(273)	(798)
Group's share of other comprehensive income	236	-	236
Group's share of total comprehensive loss	(289)	(273)	(562)

\* In the financial year ended 31 December 2016, due to Group's accounting policy and applying MFRS 128, *Investment in Associates and Joint Ventures*, the unrealised profit recognised by the Group of RM13.8 million attributable to the disposal of TWProp's land is only eliminated up to the extent of the Group's cost of investment of RM5 million in LCTW.

### 8. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	2,023	1,454	(3,386)	(7,901)	(1,363)	(6,447)
Provisions	291	42	151	(623)	442	(581)
	2,314	1,496	(3,235)	(8,524)	(921)	(7,028)

# Notes to the Financial Statements

cont'd

## 8. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

### Movement in temporary differences during the year

Group	At	Recognised	Recognised	At	Recognised	Recognised	At
	1.1.2016	in profit	in other	31.12.2016	in profit	in other	31.12.2017
	RM'000	or loss	comprehensive	RM'000	or loss	comprehensive	RM'000
		(Note 21)	income		(Note 21)	income	
			(Note 19)			(Note 19)	RM'000
Property, plant and equipment	(9,386)	4,191	(1,252)	(6,447)	5,091	(7)	(1,363)
Provisions	(192)	(389)	-	(581)	1,028	(5)	442
	(9,578)	3,802	(1,252)	(7,028)	6,119	(12)	(921)

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the tax losses carried forward 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 tax losses carried forward do not expire under the current tax legislations except for RM2,628,000 (2016: RM2,911,000) which will expire after 5 years.

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Tax losses carry-forwards	92,889	43,309	-	-

# Notes to the Financial Statements

cont'd

## 9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables	9.1	43,841	48,484	-	-
Related companies	9.1	1,486	633	-	-
		45,327	49,117	-	-
<b>Non-trade</b>					
Subsidiaries	9.2	-	-	42,575	63,480
Joint venture	9.3	62,681	61,901	2,112	1,099
Other receivables	9.4	22,336	21,390	6,330	16,775
Deposits		2,942	1,879	3	2
Prepayments		16,132	20,982	40	4
		149,418	155,269	51,060	81,360
<b>Non-current</b>					
Subsidiaries	9.2	-	-	65,857	12,915
Other receivables	9.4	3,606	8,662	1,074	8,662
		3,606	8,662	66,931	21,577

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

Trade receivables and amount due from related companies are subject to the normal trade credit terms between 30 days to 90 days (2016: 30 days to 90 days).

### 9.2 Amount due from subsidiaries- Company

#### Current

Included in the amount due from subsidiaries are advances of RM37,849,700 (2016: RM35,831,111) which are unsecured, subject to interest of up to 5.05% (2016: 5.05%) per annum and are repayable on demand.

#### Non-current

Included in the amount due from subsidiaries of RM65,857,000 (2016: RM12,915,252) which are unsecured, subject to interest of up to 3.50% (2016: 3.50%) per annum. The settlement of these loans is neither planned nor likely to occur in the foreseeable future. These loans are, in substance, part of the Company's net investments in the subsidiaries.

# Notes to the Financial Statements

cont'd

## 9. TRADE AND OTHER RECEIVABLES (continued)

### 9.3 Amount due from joint ventures

Included in the amount due from joint ventures of the Group is the balance payment amounting to RM60,563,000 (2016: RM60,563,000) from the disposal of the land held by TWProp to LCTW which bears interest at 4.5% (2016:4.5%) per annum payable within the next twelve months.

### 9.4 Other receivables

Included in other receivables of the Group and the Company are the following:

- i) Deferred payment granted to the Group's joint venture partner, Dong Nai Food Industrial Corporation ("DOFICO") following the sale of 50% interest in TVDP is to be settled in the following manner:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Within the next twelve months	6,323	1,487
After twelve months	-	5,177
	6,323	6,664

Subsequent to the financial year end, the Group terminated the joint venture arrangement. See Note 33.2 to the financial statements.

- ii) Outstanding dividend due from TVDP amounting to RM1,074,000 (2016: RM3,485,000) is payable after twelve months.
- iii) In the financial year ended 31 December 2016, the balance owing from Benkert UK Ltd for the disposal of the Company's 30% interest in Benkert (Malaysia) Sdn. Bhd. of RM15,267,000 was received on 7 March 2017.

Included in other receivables of the Group is a tax recoverable amount of RM2,532,000 (2016: NIL).

## Notes to the Financial Statements

cont'd

### 10. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Raw materials and consumables	57,172	60,551
Work-in-progress	3,048	7,401
Finished goods	21,786	17,619
	82,006	85,571
Carrying amount of inventories pledged as security for bank borrowings	20,318	8,075
Recognised in profit or loss:		
Inventories recognised as cost of sales	366,168	272,577
Write-down/(Reversal) of inventories to net realisable value	1,771	(106)
Allowance for inventories obsolescence	2,367	653
Inventories written-off	443	645

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

### 11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	32,725	42,535	3,518	8,131
Deposits placed with licensed banks	318	29,532	70	19,601
	33,043	72,067	3,588	27,732

Deposits with licensed banks of the Group amounting to RM111,974 (2016: RM108,826) have been pledged for bank facility granted to the Group.

# Notes to the Financial Statements

cont'd

## 12. SHARE CAPITAL

### Group and Company

	Amount 2017 RM'000	Number of shares 2017 '000	Amount 2016 RM'000	Number of shares 2016 '000
Ordinary shares, issued and fully paid:				
At 1 January	144,743	144,743	96,495	96,495
Share issued	-	-	48,248	48,248
Transfer from share premium in accordance with Section 618 (2) of the Companies Act 2016	11,444	-	-	-
At 31 December	156,187	144,743	144,743	144,743

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.

In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Included in share capital is share premium amounting to RM11,444,000 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 respectively on or before 30 January 2019 (twenty-four months from the commencement of section 74).

## 13. RESERVES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non distributable:					
Translation reserve	13.1	21,141	35,140	-	-
Share premium	13.2	-	11,444	-	11,444
Distributable:					
Retained earnings		155,833	189,992	61,018	83,021
		176,974	236,576	61,018	94,465

# Notes to the Financial Statements

cont'd

## 13. RESERVES (continued)

### 13.1 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.

### 13.2 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. In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital.

## 14. EMPLOYEE BENEFITS

### Retirement benefits and other employee benefits

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total present value of unfunded obligations		1,221	551	373	300
Recognised liability for defined benefit obligations	14.1	1,221	551	373	300
Provision for long-service leave	14.2	-	2,908	-	-
Provision for annual leave		223	2,596	147	124
<b>Total employee benefits</b>		<b>1,444</b>	<b>6,055</b>	<b>520</b>	<b>424</b>
Analysed as:					
- non-current		662	822	-	300
- current	16	782	5,233	520	124
		1,444	6,055	520	424

### 14.1 Defined benefit obligation

The Group recognises provisions for defined benefit plan to provide pension for eligible employees. The plan entitles employees to receive payment for their years of service the employee provided up to the date of their retirement.

# Notes to the Financial Statements

cont'd

## 14. EMPLOYEE BENEFITS (continued)

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

#### 14.1 Defined benefit obligation (continued)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Balance at 1 January	551	515	300	284
<b>Included in profit or loss</b>				
Current service cost	845	16	82	23
Interest on obligation	13	23	13	13
Net retirement benefits expenses	858	39	95	36
<b>Other</b>				
Benefits paid/used by the plan	(123)	(4)	(22)	(20)
Effect of movements in exchange rate	(65)	1	-	-
	(188)	(3)	(22)	(20)
Defined benefit obligations at 31 December	1,221	551	373	300

#### 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Term loans - secured	34,550	80,748	-	-
Revolving credits - unsecured	31,406	6,460	-	-
Finance lease liabilities	251	1	251	1
	<b>66,207</b>	<b>87,209</b>	<b>251</b>	<b>1</b>
<b>Current</b>				
Term loans - secured	4,146	-	-	-
Term loans - unsecured	-	349	-	-
Revolving credits - unsecured	63,222	50,595	3,000	-
Trust receipts	375	-	-	-
Finance lease liabilities	61	8	61	4
	<b>67,804</b>	<b>50,952</b>	<b>3,061</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 term loan is secured by a charge over shares in a subsidiary and property, plant and equipment of a subsidiary.

### Significant covenants

The term loans and revolving credits are subject to the fulfilment of the following covenants:

- (i) Subsidiaries shall not declare dividends for the year without prior written notification 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 (2016: 1.5 to 3.0 times);
- (iii) Tangible net worth of APT to be maintained at not less than USD15.0 million (2016: USD10 million); and
- (iv) Inventories of a subsidiary amounting to USD5.0 million (2016: 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 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000	Future minimum lease payments 2016 RM'000	Interest 2016 RM'000	Present value of minimum lease payments 2016 RM'000
Less than one year	74	13	61	8	-	8
Between one and five years	273	22	251	1	-	1
	347	35	312	9	-	9

### 15.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1.1.2017 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31.12.2017 RM'000
<b>Group</b>				
Term loans	81,097	(34,765)	(7,636)	38,696
Revolving credits	57,055	42,474	(4,901)	94,628
Trust receipts	-	375	-	375
Finance lease liabilities	9	303	-	312
Total liabilities from financing activities	138,161	8,387	(12,537)	134,011
<b>Company</b>				
Revolving credits	-	3,000	-	3,000
Finance lease liabilities	5	307	-	312
Total liabilities from financing activities	5	3,307	-	3,312

# Notes to the Financial Statements

cont'd

## 16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables	16.1	41,024	35,409	-	-
Related companies	16.1	3,870	294	-	-
		44,894	35,703	-	-
<b>Non-trade</b>					
Other payables		35,101	21,199	116	141
Accruals		7,623	6,173	351	999
Employee benefits	14	782	5,233	520	124
Related companies	16.2	109	55	-	-
Subsidiaries	16.3	-	-	1,425	3,529
Ultimate holding corporation	16.4	24,069	27,150	3,814	4,123
		67,684	59,810	6,226	8,916
		112,578	95,513	6,226	8,916
<b>Non-current</b>					
<b>Non-trade</b>					
Ultimate holding corporation	16.4	33,143	12,409	-	-

### 16.1 Trade payables and amounts due to related companies

Trade payables and amount due to related companies are subject to the normal trade and credit terms.

### 16.2 Amounts due to related companies

Amounts due to related companies are unsecured, interest free and repayable on demand.

### 16.3 Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, subject to interest rate at 5.05% (2016: 5.05%) per annum and repayable on demand.

### 16.4 Amounts due to ultimate holding corporation

Included in the current and non-current amounts due to ultimate holding corporation are RM55,801,000 (2016: RM38,991,000), subject to fixed interest rate at 2.54% (2016: 2.44%) per annum. Amounts due to ultimate holding corporation at Company level amounts to RM3,695,000 (2016: RM4,079,000) are subject to fixed interest rate of 2.75% (2016: 2.75%) per annum and are expected to be repayable within the next twelve months. The remaining amounts due to ultimate holding corporation classified as current is interest free and repayable on demand. All balances are non-trade in nature and unsecured.

# Notes to the Financial Statements

cont'd

## 17. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- subsidiaries	-	-	60	354
- trust receipts	50	-	-	-
- term loans	2,070	22	-	-
- revolving credits	3,017	1,548	78	-
- ultimate holding corporation	1,385	597	109	115
- finance lease liabilities	3	1	3	1
	6,525	2,168	250	470

## 18. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Amortisation of intangible assets	4,334	1,401	-	-
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	179	166	117	105
Overseas affiliates of KPMG Malaysia	391	267	-	-
Other auditors	35	50	-	-
- Non-audit fees				
KPMG Malaysia	206	106	206	105
Overseas affiliates of KPMG Malaysia	-	2	-	-
Other auditors	17	-	-	-
Depreciation of property, plant and equipment	36,400	26,604	83	75
Property, plant and equipment written-off	-	412	-	-
Inventories written-off	443	645	-	-
Allowance for inventories obsolescence	2,367	653	-	-
Write down of inventories to net realisable value	1,771	-	-	-

# Notes to the Financial Statements

cont'd

## 18. (LOSS)/PROFIT BEFORE TAX (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>(Loss)/Profit before tax is arrived at after charging:</b> (continued)				
Personnel expenses (including other key management personnel):				
- contributions to statutory pension funds	3,392	4,818	370	415
- wages, salaries and others	55,766	59,886	3,773	4,567
Expenses related to employee benefits:				
- retirement benefit provided	123	39	74	15
- provision for long term service leave	430	141	-	-
- remeasurement gain	(17)	(1)	-	-
- redundancy expense	31,046	12,436	-	-
- provision for annual leave	429	2,037	23	(18)
Rental of properties	5,569	2,412	-	-
Impairment loss on:				
- investment in subsidiary	-	-	14,078	-
- impairment loss on property plant and equipment	7,280	-	-	-
Foreign exchange loss:				
- realised	2,198	-	33	1,281
- unrealised	4,410	2,715	9,313	-
<b>and after crediting:</b>				
Gain on disposal of:				
- property, plant and equipment	34	32,533	16	-
- an associate	-	936	-	24,267
Gross dividend income from:				
- unquoted subsidiaries	-	-	13,629	21,961
- unquoted associate	-	5,730	-	5,730
Reversal of inventories to net realisable value	-	106	-	-
Rental income	641	7	-	-
Foreign exchange gain:				
- realised	-	256	-	-
- unrealised	-	4,833	-	4,908

# Notes to the Financial Statements

cont'd

## 19. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>Group</b>			
<b>2017</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(13,937)	12	(13,925)
<hr/>			
<b>2016</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	8,359	(1,252)	7,107
<hr/>			

## 20. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Directors:				
- fees	179	255	179	255
- remuneration	2,085	815	2,085	815
- provision for ex-gratia	-	4	-	4
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	4	11	4	11
Total short-term employee benefits	2,268	1,085	2,268	1,085
<hr/>				
Other key management personnel:				
- short-term employee benefits	6,053	6,445	3,152	4,151
- other long-term benefits	39	37	39	37
	6,092	6,482	3,191	4,188
	8,360	7,567	5,459	5,273
<hr/>				

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

cont'd

## 21. TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expense				
Malaysian:				
- current year	394	982	-	-
- prior year	13	123	-	-
	407	1,105	-	-
Overseas:				
- current year	2,067	1,288	10	14
- prior year	(133)	-	-	-
	2,341	2,393	10	14
Deferred tax expense				
Origination and reversal of temporary differences	(4,779)	(4,099)	-	-
(Over)/Under provision in prior years	(1,340)	297	-	-
	(6,119)	(3,802)	-	-
Total income tax expense	(3,778)	(1,409)	10	14
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(36,970)	51,194	(7,519)	52,171
Income tax using Malaysian tax rate of 24% (2016: 24%)	(8,873)	12,287	(1,805)	12,521
Effect of tax rate in foreign jurisdictions	(288)	(3,227)	10	14
Non-deductible expenses	3,469	3,175	5,712	450
Double deductions on permitted expenses	(6)	(15)	-	-
Effect of lower tax rates on capital gains	(15)	-	-	-
Tax exempt income	(5,532)	(20,949)	(3,907)	(12,971)
Reversal of previously recognised deferred tax	440	-	-	-
Current year losses for which no deferred tax asset was recognised	8,487	6,900	-	-
(Over)/Under provision in prior years	(1,460)	420	-	-
	(3,778)	(1,409)	10	14

# Notes to the Financial Statements

cont'd

## 22. (LOSS)/EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 31 December 2017 was based on the (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares as follows:

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
<i>(Loss)/Profit for the year attributable to ordinary shareholders (RM'000)</i>	(19,685)	64,188
<i>Weighted average number of ordinary shares ('000)</i>		
Issued ordinary shares at 1 January	144,743	87,009
Effect of ordinary shares	-	56,356
Issued ordinary shares at 31 December	144,743	143,365
<i>Basic (loss)/earnings per ordinary share (sen)</i>	(13.60)	44.77

## 23. DIVIDENDS

	<b>Sen per share (single-tier)</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>2017</b>			
Final 2016 ordinary	8.00	11,579	30 June 2017
Interim 2017 ordinary	2.00	2,895	27 October 2017
		14,474	
<b>2016</b>			
Final 2015 ordinary	14.00	13,509	30 June 2016
Interim 2016 ordinary	4.00	5,790	28 October 2016
		19,299	

On 26 February 2018, the Directors declared a final single-tier dividends in respect of the financial year ended 31 December 2017 of 4 sen per share totalling RM5,789,700.

## 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, property investments and investment properties holding.

# Notes to the Financial Statements

cont'd

## 24. OPERATING SEGMENTS (continued)

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

The total of segment liabilities is measured based on all liabilities as included in the internal management reports that are reviewed by the Board of Directors.

### 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</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM</b>	<b>RM</b>
<b>Reporting segment profit</b>	11,341	29,549
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	416,674	328,704
<i>Not included in the measure of reporting segment profit but provided to Board of Directors:</i>		
Depreciation and amortisation	(40,635)	(27,508)
Finance costs	(8,532)	(2,392)
Finance income	443	1,103
<b>Segment assets</b>	567,904	567,276
<i>Included in the measure of segment assets are:</i>		
Additions to non-current assets other than financial instruments and deferred tax assets	103,360	32,279
<b>Segmental liabilities</b>	(382,358)	(328,916)
<i>Included in the measure of segment liabilities are:</i>		
Deferred tax liabilities and income tax payables	(1,910)	(7,425)

# Notes to the Financial Statements

cont'd

## 24. OPERATING SEGMENTS (continued)

### Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2017	2016
	RM'000	RM'000
<b>Profit or loss</b>		
Total profit for reporting segments	11,341	29,549
Other non-reportable segments	2,114	97,883
Elimination of inter-segment profits	(6,355)	(52,587)
Depreciation and amortisation	(40,734)	(28,005)
Finance costs	(6,525)	(2,168)
Finance income	3,673	1,945
Share of loss of joint venture not included in reportable segments	(484)	(525)
Share of profit of an associate not included in reportable segments	-	5,102
Consolidated (loss)/profit before tax	(36,970)	51,194

	External revenue	Depreciation and amortisation	Finance costs	Finance income	Segment assets	Segment liabilities	Investment in joint ventures	Addition to non- current assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2017</b>								
Total reportable segments	416,674	(40,635)	(8,532)	443	567,904	(382,358)	-	103,360
Other non-reportable segments	635	(99)	(1,370)	6,610	311,475	(31,670)	6,455	430
Elimination of inter-segment transactions or balances	-	-	3,377	(3,380)	(227,980)	130,027	-	-
Consolidated total	417,309	(40,734)	(6,525)	3,673	651,399	(284,001)	6,455	103,790
<b>2016</b>								
Total reportable segments	328,704	(27,508)	(2,392)	1,103	567,276	(328,916)	-	32,279
Other non-reportable segments	-	(497)	(1,578)	2,645	332,697	(31,667)	5,938	164
Elimination of inter-segment transactions or balances	-	-	1,802	(1,803)	(215,359)	104,958	-	-
Consolidated total	328,704	(28,005)	(2,168)	1,945	684,614	(255,625)	5,938	32,443

# Notes to the Financial Statements

cont'd

## 24. OPERATING SEGMENTS (continued)

### 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 an associate and joint venture) and deferred tax assets.

Geographical information	Revenue		Non-current assets	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Singapore	157,560	178,958	-	-
Indonesia	138,172	-	53,477	33,440
Australasia	49,439	61,199	44,839	63,094
Malaysia	17,915	52,018	17,787	30,662
Vietnam	4,036	6,592	159,856	127,317
Hong Kong	865	45	65,203	76,593
United Arab Emirates	731	-	34,006	22,521
Other countries	48,591	29,892	-	-
	417,309	328,704	375,168	353,627

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	2017 RM'000	2016 RM'000
All common control companies of:		
- British American Tobacco Group	326,705	252,230

# Notes to the Financial Statements

cont'd

## 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 ("FL").

	Carrying amount 2017 RM'000	L&R/ (FL) 2017 RM'000	Carrying amount 2016 RM'000	L&R/ (FL) 2016 RM'000
<b>Financial assets</b>				
<b>Group</b>				
Trade and other receivables (excluding prepayments)	136,892	136,892	142,949	142,949
Cash and bank balances	33,043	33,043	72,067	72,067
	169,935	169,935	215,016	215,016
<b>Company</b>				
Trade and other receivables (excluding prepayments)	117,951	117,951	102,933	102,933
Cash and bank balances	3,588	3,588	27,732	27,732
	121,539	121,539	130,665	130,665
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(134,011)	(134,011)	(138,161)	(138,161)
Trade and other payables	(83,748)	(83,748)	(62,781)	(62,781)
Ultimate holding corporation	(57,212)	(57,212)	(39,559)	(39,559)
Related companies	(3,979)	(3,979)	(349)	(349)
	(278,950)	(278,950)	(240,850)	(240,850)
<b>Company</b>				
Loans and borrowings	(3,312)	(3,312)	(5)	(5)
Trade and other payables	(467)	(467)	(1,140)	(1,140)
Ultimate holding corporation	(3,814)	(3,814)	(4,123)	(4,123)
Subsidiaries	(1,425)	(1,425)	(3,529)	(3,529)
	(9,018)	(9,018)	(8,797)	(8,797)

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net (losses)/gains on:				
Loans and receivables	(2,865)	4,395	(5,464)	(5,624)
Financial liabilities measured at amortised cost	(6,525)	(2,168)	(250)	(470)
	(9,390)	2,227	(5,714)	(6,094)

### 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

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.4 Credit risk (continued)

#### Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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

	Group	
	2017 RM'000	2016 RM'000
Singapore	18,219	22,857
Indonesia	11,127	6,184
Korea	8,531	4,454
Australasia	3,200	8,402
Malaysia	1,854	4,478
Vietnam	694	1,393
United Arab Emirates	160	-
Others	1,542	1,349
	45,327	49,117

At the end of the reporting period, there is one customer with balances amounting to 75% (2016: one customer amounting to 74%) 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>2017</b>			
Not past due	40,204	-	40,204
Past due 0 - 30 days	3,875	-	3,875
Past due 31 - 180 days	1,030	-	1,030
Past due more than 180 days	218	-	218
	45,327	-	45,327
<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

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.4 Credit risk (continued)

#### *Receivables* (continued)

##### *Impairment losses* (continued)

The Group does not require collateral for trade and other receivables. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

#### **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 Group and Company provides unsecured loans and advances to subsidiaries and joint ventures. The Group 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 joint ventures.

##### *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 Group and 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

cont'd

## 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>2017</b>							
<i>Non-derivative financial liabilities</i>							
Term loan – secured	38,696	5.69%	41,668	4,392	5,157	32,119	-
Revolving credits – unsecured	94,628	3.52%	98,890	65,522	11,397	21,971	-
Trust receipts	375	4.75%	393	393	-	-	-
Finance lease liabilities	312	4.65%	339	64	72	203	-
Trade and other payables	87,727	-	87,727	87,727	-	-	-
Ultimate holding corporation							
- interest bearing	55,800	2.54%	57,258	23,249	34,009	-	-
- non-interest bearing	1,412	-	1,412	1,412	-	-	-
	278,950		287,687	182,759	50,635	54,293	-
<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 corporation							
- interest bearing	38,992	2.44%	40,184	27,248	12,936	-	-
- non-interest bearing	567	-	567	567	-	-	-
	240,850		257,261	143,356	28,458	31,820	53,627

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.5 Liquidity risk (continued)

#### Maturity analysis (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>2017</b>						
<i>Non-derivative financial liabilities</i>						
Revolving credits - unsecured	3,000	5.10%	3,039	3,039	-	-
Ultimate holding corporation-interest bearing	3,694	2.75%	3,799	3,799	-	-
Ultimate holding corporation-non interest bearing	120	-	120	120	-	-
Trade and other payables	467	-	467	467	-	-
Subsidiaries	1,425	5.05%	1,499	1,499	-	-
Finance lease liabilities	312	4.65%	339	64	72	203
	9,018		9,263	8,988	72	203
<b>2016</b>						
<i>Non-derivative financial liabilities</i>						
Ultimate holding corporation-interest bearing	4,079	2.75%	4,194	4,194	-	-
Ultimate holding corporation-non 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	-

### 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.

#### 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 United States Dollar ("USD"), Singapore Dollar ("SGD"), Vietnamese 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.

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.6 Market risk (continued)

#### 25.6.1 Currency risk (continued)

##### 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:

Group	Denominated in				
	USD RM'000	IDR RM'000	VND RM'000	AUD RM'000	SGD RM'000
<b>2017</b>					
Trade and other receivables	45,184	17,254	4,614	15,129	89
Trade and other payables	(74,352)	(25,525)	(15,700)	(507)	(939)
Loans and borrowings	(111,266)	(13,933)	-	-	-
<b>Net exposure</b>	<b>(140,434)</b>	<b>(22,204)</b>	<b>(11,086)</b>	<b>14,622</b>	<b>(850)</b>
<b>2016</b>					
Trade and other receivables	51,871	6,751	2,102	14,736	678
Trade and other payables	(71,868)	(3,482)	(2,985)	(20,871)	(762)
Loans and borrowings	(133,152)	-	-	-	-
<b>Net exposure</b>	<b>(153,149)</b>	<b>3,269</b>	<b>(883)</b>	<b>(6,135)</b>	<b>(84)</b>

##### Currency risk sensitivity analysis

A 10% (2016: 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
USD	-	-	10,673	11,639
IDR	-	-	1,687	(248)
VND	-	-	842	67
AUD	-	-	(1,111)	466
SGD	-	-	65	6

A 10% (2016: 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.

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.6 Market risk (continued)

#### 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Fixed rate instruments</b>				
Financial assets	318	9,931	103,707	48,746
Financial liabilities	(55,800)	(38,991)	(5,119)	(7,607)
	<u>(55,482)</u>	<u>(29,060)</u>	<u>98,588</u>	<u>41,139</u>
<b>Floating rate instruments</b>				
Financial assets	-	19,601	-	19,601
Financial liabilities	(134,011)	(138,161)	(3,312)	(5)
	<u>(134,011)</u>	<u>(118,560)</u>	<u>(3,312)</u>	<u>19,596</u>

*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.

# Notes to the Financial Statements

cont'd

## 25. FINANCIAL INSTRUMENTS (continued)

### 25.6 Market risk (continued)

#### 25.6.2 Interest rate risk (continued)

##### (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	100 bp decrease	100 bp increase	100 bp decrease
	2017	2017	2016	2016
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Floating rate instruments	(1,340)	1,340	(1,186)	1,186
<b>Company</b>				
Floating rate instruments	(33)	33	196	(196)

### 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

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.

	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		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
<b>2017</b>										
<b>Financial assets</b>										
Other receivables	-	-	9,510	9,510	-	-	-	-	9,510	9,510
<b>Financial liabilities</b>										
Bank borrowings	-	-	(133,699)	(133,699)	-	-	-	-	(133,699)	(133,699)
Finance lease liabilities	-	-	-	-	-	-	(298)	(298)	(298)	(312)
Ultimate holding corporation	-	-	-	-	-	-	(54,380)	(54,380)	(54,380)	(57,212)
	-	-	(124,189)	(124,189)	-	-	(54,678)	(54,678)	(178,867)	(181,713)
<b>Company</b>										
<b>Financial assets</b>										
Loan to subsidiaries	-	-	-	-	-	-	100,146	100,146	100,146	103,707
Other receivables	-	-	9,510	9,510	-	-	-	-	9,510	9,510
<b>Financial liabilities</b>										
Bank borrowings	-	-	(3,000)	(3,000)	-	-	-	-	(3,000)	(3,000)
Finance lease liabilities	-	-	-	-	-	-	(298)	(298)	(298)	(312)
Subsidiaries	-	-	-	-	-	-	(1,355)	(1,355)	(1,355)	(1,425)
Ultimate holding corporation	-	-	-	-	-	-	(3,713)	(3,713)	(3,713)	(3,814)
	-	-	6,510	6,510	-	-	94,780	94,780	101,290	104,666

# 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		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Group</b>										
<b>2016</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 corporation	-	-	-	-	-	-	(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 corporation	-	-	-	-	-	-	(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)

#### 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

Type	Description of valuation technique and inputs used
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:

	Note	Group	
		2017 RM'000	2016 RM'000
Total loans and borrowings	15	134,011	138,161
Less: Cash and bank balances	11	(33,043)	(72,067)
Net debt		100,968	66,094
Total equity		367,398	428,989
Debt-to-equity ratio		0.3	0.2

There was no change in the Group's approach to capital management during the financial year.

# Notes to the Financial Statements

cont'd

## 27. OPERATING LEASES

Operating lease rentals are payable as follows:

	Group	
	2017	2016
	RM'000	RM'000
Within one year	2,812	841
Between one and five years	9,841	3,982
More than five years	10,816	5,847
	23,469	10,670

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	
	2017	2016
	RM'000	RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	20,925	43,412
	20,925	43,412

## 29. CONTINGENCIES

29.1 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	
	2017	2016
	RM'000	RM'000
Corporate guarantees issued to banks for credit facilities granted to subsidiaries	130,698	138,153
	130,698	138,153

# Notes to the Financial Statements

*cont'd*

## 29. CONTINGENCIES (continued)

### 29.2 Joint Venture with TVDP

As at 31 December 2017, the Company has given a performance guarantee to TVDP and the details are as follows:

In accordance with the agreement, if TVDP suffers losses or the profits received by DOFICO from TVDP 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 TVDP 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.

Subsequent to the financial year end, the Group terminated the joint venture arrangement. See Note 33.2 to the financial statements.

## 30. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control 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.

# Notes to the Financial Statements

cont'd

## 30. RELATED PARTIES (continued)

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.

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Ultimate holding corporation</b>				
Management fees expense	2,916	1,937	-	-
Interest expense	1,385	595	109	115
<b>Related companies</b>				
Sales	(8,337)	(7,161)	-	-
Purchases	7,125	1,716	-	-
Rental of warehouse expenses	699	699	-	-
Sales of scrap paper	(2,358)	-	-	-
Rental income	(1)	-	-	-
Commission income	(15)	-	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	(13,629)	(21,961)
Interest expense	-	-	60	354
Interest income	-	-	(3,319)	(1,444)
Administrative fee received	-	-	(7,503)	(3,858)
<b>Joint Venture</b>				
Management fees received	(77)	(73)	-	-
Interest income	(2,725)	(644)	-	-
Sales	(157)	(521)	-	-
Purchases	84	444	-	-
Rental expenses	2,864	658	-	-
<b>Associate company</b>				
Dividend income	-	(5,730)	-	(5,730)
<b>Director</b>				
Legal and professional service	-	24	-	24

# Notes to the Financial Statements

cont'd

## 31. ASSET CLASSIFIED AS HELD FOR SALE

On 20 July 2017, the Company announced that TWPM decided to cease its printing business in line with the Group's re-organisation of its production footprint.

As part of this exercise, during the financial year, TWPM has commenced the process of downsizing with the eventual goal of ceasing operations in the following year. TWPM has identified certain of its machineries amounting to RM442,000 (2016: NIL) as an asset held for sale.

## 32. SIGNIFICANT EVENT DURING THE YEAR

In 2017, the Group announced the planned cessation of the printing business operations of Anzpac and TWPM.

The proposed cessation of the printing business operations is in line with the Group's re-organisation of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term.

In relation to the aforesaid proposed cessation, the Group has recorded employees' redundancy and related expenses of RM39,327,000 (2016: NIL).

## 33. EVENTS SUBSEQUENT TO FINANCIAL YEAR END

33.1 On 9 January 2018, TWPM entered into an Assets Sale Agreement with Paper Base Converting Sdn. Bhd., a wholly-owned subsidiary of New Toyo International Holdings Ltd, to dispose of certain machineries at a total sale consideration of RM1,293,500. The sale is in line with the Group's re-organisation of its production footprint which is part of normal routine operational function to improve the Group's strategic positioning to service the customers and reduce operating cost over the longer term.

33.2 On 20 March 2018, the Company had announced that the Parties (TWPH, DOFICO and TVDP are collectively referred to as "the Parties") entered into a termination agreement ("Termination Agreement") to mutually agreed to terminate the joint venture agreement ("JVA") dated 24 May 2015 with effect from the date of the execution of the Termination Agreement and Transfer Contract whereby DOFICO shall transfer the 50% of the total charter capital of TVDP ("Capital Contribution") and all rights and interests thereof to TWPH and TWPH agreed to acquire the 50% of the total charter capital of TVDP from DOFICO at the cash consideration of USD1,629,762 (equivalent to RM6,372,369 based on exchange rate of USD1.00 to RM3.91 as at 20 March 2018) ("Termination and Acquisition of Capital Contribution").

The joint venture relationship was terminated due to the fact that DOFICO had failed to comply with the agreed minimum printed carton volumes of tobacco packaging as set out in the JVA, hence, the aforesaid challenge had affected the operations of TVDP, which had led to continuous losses for TVDP for the financial year ended 31 December 2016. In order to protect the shareholders' interest and to ensure risk management, the Parties had mutually agreed to terminate the JVA. As at 31 December 2016, TVDP has recorded an accumulated net loss of USD253,014 (equivalent to RM1,050,730).

Pursuant to the JVA, DOFICO at its own discretion, has the right to sell to TWPH its entire Share Capital Contribution at the re-selling price being the remaining amount after the Initial Purchase Price minusing outstanding payments for the Initial Purchase Price that have not been paid by DOFICO to TWPH at the time of actual payment of re-selling price (the "Re-selling Price"). In this case, TWPH is obligated to re-purchase the Capital Contribution of DOFICO in whole.

## 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 73 to 147 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

**Yen Wen Hwa @ Ngan Tzee Manh**  
Director

**Lee Chee Whye**  
Director

Petaling Jaya, Selangor

Date: 20 March 2018

## 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 73 to 147 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: 701118-10-5871 at Kuala Lumpur in the Federal Territory on 20 March 2018.

**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 statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 147.

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 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *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>	
<i>Refer to Note 2(g) - Significant Accounting Policies and Note 5 - Intangible assets 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 RM67 million of goodwill and RM13 million of contract value as at 31 December 2017. 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 procedures (upon which forecasts are based) by comparing historical forecasts against historical performance to determine the reliability of management's budgeting process;</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 independently derived applicable discount rates from available industry data and compared these with those used by management;</li> <li>We performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount. 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 considered the adequacy of the Group's disclosures in respect of the impairment testing, and whether disclosures in relation to the sensitivity of the outcomes of the impairment assessments to changes in key assumptions properly reflect 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 RM249 million as at 31 December 2017. 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 procedures (upon which forecasts are based) by comparing historical forecasts against historical performance to determine reliability of management's budgeting process;</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>Independently derived applicable discount rates from available industry data and compared these with those used by management;</li> <li>Performed stress tests using plausible range of key assumptions and discount rates, and analysed the impact to the carrying amount. 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;</li> <li>We considered the adequacy of the Group's disclosures in respect of the impairment testing and whether disclosures in relation to the sensitivity of the outcomes of the impairment assessments to changes in key assumptions properly reflect the risks inherent in the valuations;</li> <li>We assessed the Group's identification of assets that are surplus to the requirements of the Australian and Malaysian operations and assessed whether such assets have any recoverable value or alternative use by other entities within the Group or planned disposal by the business by comparing it with our knowledge of the Group's future plans for 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 but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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:

- i) 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.
- ii) 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.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

# 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)

- iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- v) 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.
- vi) 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.

## REPORT ON OTHER LEGAL 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 6 to the financial statements.

## OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Chan Kam Chiew**  
Approval Number: 2055/06/18(J)  
Chartered Accountant

Kuala Lumpur  
Date: 20 March 2018

## Analysis of Shareholdings

as at 2 April 2018

Total number of Issued Shares	:	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	60	2.01	974	0.00
100 – 1,000	313	10.47	220,720	0.15
1,001 – 10,000	1,863	62.31	8,032,600	5.55
10,001 – 100,000	677	22.64	17,986,975	12.43
100,001 – 7,237,124	75	2.51	39,417,031	27.23
7,237,125 AND ABOVE	2	0.07	79,084,200	54.64
<b>TOTAL</b>	<b>2,990</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 2 April 2018

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 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 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 2 April 2018  
cont'd

### DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDING as at 2 April 2018

Name of Director	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Yen Wen Hwa (Ngan Tzee Manh)	-	-	79,084,200 <sup>#</sup>	54.64
Lee Chee Whye	-	-	-	-
Angela Heng Chor Kiang	-	-	-	-
Tung Kum Hon <sup>1</sup>	-	-	-	-
John David Cambridge <sup>2</sup>	-	-	-	-
Dr Ong Eng Leng (Ong Eng Lin) <sup>3</sup>	-	-	-	-
YM Tengku Djan Ley Bin Tengku Mahaleel <sup>4</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

Notes:

1. Tung Kum Hon was appointed as Independent Non-Executive Director ("INED") of the Company on 1 August 2017.
2. John David Cambridge was appointed as INED of the Company on 18 May 2017.
3. Dr Ong Eng Leng (Ong Eng Lin) was appointed as INED of the Company on 18 May 2017.
4. YM Tengku Djan Ley Bin Tengku Mahaleel was appointed as INED of the Company on 26 February 2018.

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 2 April 2018

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	7,198,000	4.97
4 Foo Khen Ling	2,950,000	2.04
5 Tan Kah Hock	2,408,000	1.66
6 Ang Seng Chin	2,101,000	1.45
7 Yap Ah Fatt	1,911,000	1.32
8 Lim Khuan Eng	1,550,000	1.07
9 Tan Kim Onm	1,498,500	1.04
10 Ang Teow Cheng & Sons Sdn Bhd	1,000,000	0.69
11 Meng Lee Motors Sdn Berhad	1,000,000	0.69
12 Lim Kian Huat	805,000	0.56

## Analysis of Shareholdings

as at 2 April 2018

cont'd

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS (continued) as at 2 April 2018

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
13 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for CEKD Venture Sdn Bhd</i>	764,300	0.53
14 Eu Soon Keat	760,000	0.53
15 Yong Kim Siong	757,600	0.52
16 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an for OCBC Securities Private Limited (Client A/C-NR)</i>	710,951	0.49
17 Lim Seng Qwee	641,620	0.44
18 Teo Kwee Hock	521,100	0.36
19 Lee Kim Lewi	500,000	0.35
20 Eu Soon Keat	465,000	0.32
21 Reuben Tan Cherh Chung	405,000	0.28
22 Yin Earn Chee	400,000	0.28
23 Chan Heng Koon	372,000	0.26
24 Ang Siang Loong	340,000	0.23
25 Key Development Sdn Berhad	335,250	0.23
26 Choo Teik Heng	330,000	0.23
27 Ang Civics	310,000	0.21
28 Ang Louise	310,000	0.21
29 Ang Mary	310,000	0.21
30 Ang Shuang Shuang	310,000	0.21
<b>TOTAL</b>	<b>110,048,521</b>	<b>76.03</b>

# Analysis of Shareholdings

as at 2 April 2018

cont'd

## BREAKDOWN OF SHAREHOLDINGS

Type of Ownership	No. of Shareholders	No. of Shares	% of Issued Capital
<b>Malaysian Individual</b>			
Bumiputra	80	231,243	0.16
Chinese	2,421	44,627,737	30.83
Indian	37	431,860	0.30
Other Races	5	30,850	0.02
Subtotal	2,543	45,321,690	31.31
<b>Malaysian Corporate</b>			
Non-Bumiputra	40	11,618,840	8.03
Subtotal	40	11,618,840	8.03
<b>Foreign Individual</b>			
China	3	56,000	0.04
India	1	500	0.00
Myanmar	1	4,000	0.00
Singapore	20	1,011,850	0.70
United States of America	1	3,000	0.00
Permanent Resident of Malaysia	10	132,850	0.09
Subtotal	36	1,208,200	0.83
<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
Subtotal	4	79,102,020	54.64
<b>Nominee Company</b>			
Malaysian Bumiputra Beneficiaries	165	3,512,540	2.43
Malaysian Non-Bumiputra Beneficiaries	186	3,062,255	2.12
Foreign Beneficiaries	15	916,952	0.63
Subtotal	366	7,491,747	5.18
<b>Others</b>			
Others	1	3	0.00
Subtotal	1	3	0.00
<b>GRAND TOTAL</b>	<b>2,990</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 2017 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 2017 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	18 Years/ 05-08-2036	Office/Factory bearing address Plot No. S60305 Jafza South, Jebel Ali, Dubai, United Arab Emirates	13,385	21 years	19-05-2016
Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,658/ 1,374	56 Years/ 22-07-2074	Residential quarters bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan, Malaysia	405	42 years	30-08-2004
PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,650/ 1,840	45 Years/ 10-01-2063	Residential quarters bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan, Malaysia	387	46 years	17-04-2006
Lot 307, 308, 309 Vietnam – Singapore Industrial Park	Leasehold	401,280/ 119,090	36 Years/ 08-08-2054	Office/Factory bearing address 38 Huu Nghi Street, Vietnam – Singapore Industrial Park, Vietnam	11,744	12 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	43,451	27 years	12-03-1993

# Administrative Details

for Tien Wah Press Holdings Berhad's  
Twenty-Third Annual General Meeting

**Date** : 4 June 2018 (Monday)  
**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 present 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 the Attendance List placed on the registration table.
5. You will be given an identification wristband with personalised passcode for the purpose of voting at the AGM. You must wear the identification wristband throughout the AGM as no person will be allowed to enter the meeting hall without wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
6. If you are attending the meeting as a shareholder as well as a proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
7. After registration, please leave the registration area immediately and proceed to the meeting room.
8. No person will be allowed to register on behalf of another person even with the original NRIC of the other person.

## ENTITLEMENT TO ATTEND AND VOTE

9. Only members whose names appear in the Record of Depositors as at 5.00 p.m. on 25 May 2018 shall be entitled to attend and vote at the Twenty-Third Annual General Meeting ("23<sup>rd</sup> AGM") in respect of the number of shares registered in their name at that time.

## PROXY

10. 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 23<sup>rd</sup> AGM. Please specify the proportion of your shareholdings to be represented by each proxy when you appoint the maximum of two (2) proxies.
11. 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.
12. The duly completed Proxy Form must 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 by 2 June 2018 at 10.30 a.m.
13. 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-Third Annual General Meeting  
cont'd

### ANNUAL REPORT 2017

14. The Annual Report 2017 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 2017, please forward your request by completing the Request Form provided by us.

### VOTING PROCEDURE

15. The voting at the 23<sup>rd</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 GovernAce Advisory & Solutions Sdn Bhd (Company No. 1243730-W) as scrutineers to verify the poll results.
16. E-voting for each of the resolutions as set out in the Notice of 23<sup>rd</sup> AGM will take place only upon the conclusion of the deliberations of all the businesses to be transacted at the 23<sup>rd</sup> AGM. The registration for attendance will be closed, to facilitate commencement of the poll.
17. Shareholders/proxies will be using tablet ("device") provided by Tricor to cast your votes. When the voting session begins, please be seated and Tricor staff will attend to voters to cast your vote with his/her wristband issued during registration for the 23<sup>rd</sup> AGM.

### FOOD AND BEVERAGE

18. Light refreshment will be served outside Atlanta East Foyer before and after the 23<sup>rd</sup> AGM.

### PARKING

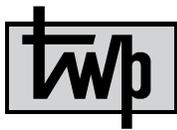
19. Please exchange your parking ticket for a "Complimentary Parking Ticket" at the registration counter at Atlanta East Foyer.

### ENQUIRY

20. If you have general queries prior to the meeting, please contact the following person during office hours:-

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No.8 Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Telephone number:	03-2783 9299
(1) Ms Karen Tan	03-2783 9221
(2) Puan Nor Faeayzah	03-2783 9274
Email:	Karen.Tan@my.tricorglobal.com Nor.Faeayzah@my.tricorglobal.com



# 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-Third Annual General Meeting ("23<sup>rd</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 Monday, 4 June 2018 at 10.30 a.m. and at any adjournment thereat.

\* 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 4.00 sen per ordinary share in respect of the financial year ended 31 December 2017.		
Ordinary Resolution 2	Re-election of Mr Yen Wen Hwa (Ngan Tzee Manh) who is retiring under Article 86.1 of the Articles of Association of the Company.		
Ordinary Resolution 3	Re-election of Mr Tung Kum Hon who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 4	Re-election of Mr John David Cambridge who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 5	Re-election of Dr Ong Eng Leng (Ong Eng Lin) who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 6	Re-election of YM Tengku Djan Ley Bin Tengku Mahaleel who is retiring under Article 93 of the Articles of Association of the Company.		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors.		
	<b>SPECIAL BUSINESS</b>		
Ordinary Resolution 8	Approval of the payment of Non-Executive Directors' Fees up to an aggregate amount of RM300,000 per annum in respect of the financial year ending 31 December 2018.		
Ordinary Resolution 9	Approval of the payment of Benefits Payable to the Non-Executive Directors up to an aggregate amount of RM80,000 for the period from 5 June 2018 until the next AGM of the Company in year 2019 to be paid quarterly in arrears.		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature.		

Dated this ..... day of ..... 2018

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:

- 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.
- 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.
- 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.
- 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.
- 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 forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
- 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 23<sup>rd</sup> AGM will be put to vote by way of poll.
- For the purpose of determining a member who shall be entitled to attend this 23<sup>rd</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 25 May 2018. Only a depositor whose name appears on the Record of Depositors as at 25 May 2018 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 23<sup>rd</sup> AGM dated 25 April 2018.

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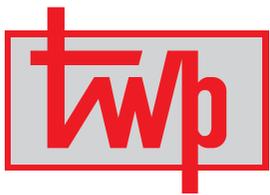
AFFIX  
STAMP

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

*Then Fold Here*



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

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

Tel : +603 7956 3866  
Fax : +603 7956 1228  
Email : [sales@tienwah.com](mailto:sales@tienwah.com)  
Website : [www.tienwah.com](http://www.tienwah.com)