



TIEN WAH PRESS HOLDINGS BERHAD  
[Registration No.: 199501011233 (340434-K)]

FOCUSING  
CONTINUOUS  
**IMPROVEMENT**

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ANNUAL REPORT 2019

## Highlights of The Year

	Year Ended 31.12.19 RM million	Year Ended 31.12.18 RM million	Increase/ (Decrease) %
Revenue	346.3	342.4	1.1
(Loss)/Profit before tax	(14.2)	5.0	(384.0)
(Loss)/Profit for the year	(15.9)	2.5	(736.0)
(Loss)/Profit attributable to owners of the Company	(20.0)	(6.1)	227.9
Total equity attributable to owners of the Company	292.4	325.9	(10.3)
Return on shareholders' funds (%)	(6.9)	(1.9)	263.2
Net loss per share (sen)	(13.85)	(4.24)	225.5
Net dividend per share (sen)	5.5	8.0	(31.3)

## Financial Calendar

### FINANCIAL YEAR 2019

#### ANNOUNCEMENT OF RESULTS

First Quarterly Report - Unaudited consolidated results for the quarter ended 31 March 2019	Wednesday, 8 May 2019
Second Quarterly Report - Unaudited consolidated results for the quarter ended 30 June 2019	Tuesday, 13 August 2019
Third Quarterly Report - Unaudited consolidated results for the quarter ended 30 September 2019	Wednesday, 13 November 2019
Fourth Quarterly Report - Unaudited consolidated results for the quarter ended 31 December 2019	Friday, 28 February 2020

#### DIVIDEND

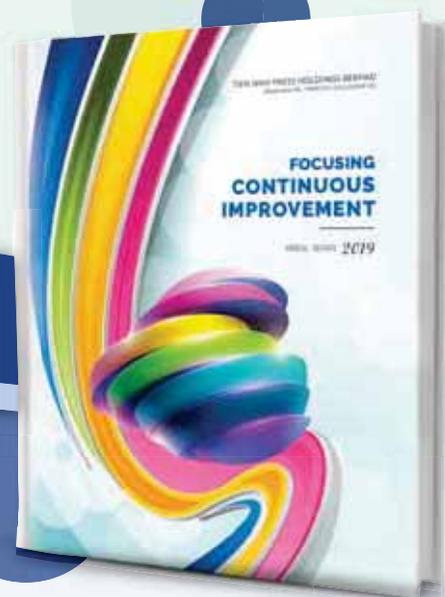
##### **Proposed Final Dividend**

*(Final single-tier dividend of 5.5 sen per ordinary share)*

Date of entitlement	Friday, 14 August 2020
Date payable	Friday, 28 August 2020

#### ANNUAL REPORT AND ANNUAL GENERAL MEETING

2019 Annual Report Date of issuance	Thursday, 11 June 2020
<b>25<sup>th</sup> Annual General Meeting</b>	
Date of notice	Thursday, 11 June 2020
Date of meeting	Friday, 3 July 2020



## Focusing Continuous Improvement

**COVER RATIONALE**

The colors and curves represent both the fast-moving challenges and opportunities in our current business environment. The theme "Focusing Continuous Improvement" highlights the main drive of our strategy to remain the Winning Company.

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## 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 business 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



**T**

Total Quality Management through

**W**

Working as a Team to Achieve

**P**

Profitability & Productivity

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fifth Annual General Meeting (“**25th AGM**”) of the Company will be conducted fully virtual for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice:

Day and Date : **Friday, 3 July 2020**  
 Time : **10.00 a.m.**  
 Broadcast Venue : **Tien Wah Press Holdings Berhad**  
 Level 3, Conference Room  
 9 & 11, Jalan Prof. Khoo Kay Kim  
 46200 Petaling Jaya  
 Selangor Darul Ehsan, Malaysia

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 5.50 sen per ordinary share in respect of the financial year ended 31 December 2019. **Ordinary Resolution 1**
3. To re-elect Ms Angela Heng Chor Kiang who is retiring under Clause 96 of the Constitution of the Company. **Ordinary Resolution 2**
4. To re-elect Mr Lee Chee Whye who is retiring under Clause 96 of the Constitution of the Company. **Ordinary Resolution 3**
5. To appoint Messrs. Ernst & Young PLT as the Auditors of the Company in place of the retiring Auditors, Messrs. KPMG PLT and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

Notice of Nomination (a copy of which is annexed and marked as “**Appendix I**” in the Annual Report 2019) has been received by the Company for the nomination of Messrs. Ernst & Young PLT who have given their consent to act, for appointment as Auditors in place of the retiring Auditors, Messrs. KPMG PLT and of the intention to propose the following ordinary resolution:-

“That Messrs. Ernst & Young PLT having consented to act, be and are hereby appointed as the new Auditors of the Company for the financial year ending 31 December 2020 at a fee to be determined by the Directors and shall hold office until the conclusion of the next AGM, in place of the retiring Auditors, Messrs. KPMG PLT.”

#### As Special Business

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

6. **Directors’ Fees to the Non-Executive Directors for the financial year ending 31 December 2020** **Ordinary Resolution 5**

To approve the Non-Executive Directors’ Fees up to an aggregate amount of RM350,000 per annum in respect of the financial year ending 31 December 2020 and the payment thereof.

## Notice of Annual General Meeting

cont'd

7. **Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2021 to be paid quarterly in arrears** Ordinary Resolution 6

To approve the Benefits Payable up to an aggregate amount of RM80,000 to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2021, to be paid quarterly in arrears.

8. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** Ordinary Resolution 7

"**THAT** subject to Paragraph 10.09 of the Main Market Listing Requirements ("**MMLR**") 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 11 June 2020 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 TWPH Group 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."

9. To transact any other business of which due notice shall be given in accordance with the Company's Constitution and the Act.

## Notice of Annual General Meeting cont'd

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clauses 67 and 68 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 26 June 2020. Only a depositor whose name appears on the Record of Depositors as at 26 June 2020 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

### NOTICE OF DIVIDEND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT**, subject to the approval of the shareholders at the 25th AGM, a final single-tier dividend of 5.50 sen per ordinary share in respect of the financial year ended 31 December 2019 will be paid to the shareholders on 28 August 2020. The entitlement of the said dividend shall be on 14 August 2020.

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 14 August 2020 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 (SSM PC No. 202008001023) (MAICSA 7009143)  
WONG SIEW YEEN (SSM PC No. 202008001471) (MAICSA 7018749)  
Secretaries  
Selangor Darul Ehsan

Date: 11 June 2020

### Notes:-

1. **Precautionary measures against Coronavirus disease 2019 ("Covid-19") pandemic**
  - a. In light of the current Covid-19 pandemic and having regard the well-being and the safety of our Shareholders, the 25th AGM will be conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("TIIH") Online website at <https://tjih.online>. Please follow the procedures provided in the Administrative Details of the 25th AGM in order to register, participate and vote remotely via the RPV facilities.
  - b. With the RPV facilities, shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of the Company) and vote at the 25th AGM at any convenient location. The members may submit questions to the Board/Management of the Company at <https://tjih.online> prior to the 25th AGM or to use the query box to transmit questions via RPV facilities during live stream meeting.
  - c. The Broadcast Venue of the 25th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. **No shareholders/proxy(ies) from the public will be allowed to be physically present at the Broadcast Venue.**

## Notice of Annual General Meeting

cont'd

### 2. Proxy

- a. A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. However, since the 25th AGM will be conducted via a full virtual meeting, individual shareholders are strongly encouraged to participate remotely in the 25th AGM by registering yourself at <https://tjih.online>.
- b. A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991) entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
- c. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- d. In line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, released by Securities Commission Malaysia on 18 April 2020 and updated on 14 May 2020, if a member of the Company entitled to attend and vote at a meeting of the Company is not able to participate in the 25th AGM via RPV facilities on Friday, 3 July 2020, the Member is strongly encouraged to appoint the Chairman of the Meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).
- e. Where a member 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.
- f. The Proxy Form shall be signed by the appointer of his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
- g. 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 Share Registrar's Office of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, **alternatively the same may also be submitted electronically ("e-proxy")**, via TIH Online at website <https://tjih.online>, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.

### 3. Voting

- a. 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 25th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the poll via e-voting process and to verify the poll results. **Please refer to the voting procedure as specified in the Administrative Details for the 25th AGM.**

## Notice of Annual General Meeting cont'd

### Explanatory Notes:-

#### 1. To receive the Audited Financial Statements

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

#### 2. Ordinary Resolution 5 on the Directors' Fees to the Non-Executive Directors for the financial year ending 31 December 2020

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 2020 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 25th 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 2020 will only be made if the proposed Ordinary Resolution 5 has been passed at the 25th AGM.

#### 3. Ordinary Resolution 6 on the Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2021, 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 25th AGM for the payment of Benefits Payable up to an aggregate amount of RM80,000 to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2021, to be paid quarterly in arrears.

The Benefits Payable to the Non-Executive Directors comprise 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 25th 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 this AGM until the next AGM of the Company in year 2021 to be paid quarterly in arrears will only be made if the proposed Ordinary Resolution 6 has been passed at the 25th AGM.

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

The explanatory note on Ordinary Resolution 7 is set out in the Circular to the Shareholders on 11 June 2020.

## Notice of Annual General Meeting

cont'd

***Personal data privacy:***

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate 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.*

## Appendix I

**SINGAPORE PACIFIC INVESTMENTS PTE LTD**

Company's Reg. No. 200612370D

CONTACT ADDRESS : 47 Scotts Road, Goldbell Towers #05-03, Singapore 228233

Tel : (65) 6238 2188 Fax: (65) 6238 1082

Date: 6 May 2020

The Board of Directors  
 Tien Wah Press Holdings Berhad  
 12<sup>th</sup> Floor, Menara Symphony,  
 No. 5, Jalan Prof. Khoo Kay Kim,  
 Seksyen 13, 46200 Petaling Jaya,  
 Selangor Darul Ehsan,  
 Malaysia.

Dear Sirs,

**NOTICE OF NOMINATION OF MESSRS ERNST & YOUNG AS AUDITORS**

We, Singapore Pacific Investment Pte Ltd, being a shareholder of Tien Wah Press Holdings Berhad (the "Company"), hereby give notice in writing of our nomination of Messrs Ernst & Young PLT as Auditors of the Company in place of Auditors, Messrs KPMG PLT at the forthcoming Annual General Meeting.

Yours faithfully  
 for and on behalf of  
 Singapore Pacific Investments Pte Ltd

.....  
 Name: Angela Heng  
 DIRECTOR

copy to : Ernst &amp; Young PLT (Mr. Tn'g Boon Kheng)

## 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*

**YM TENGKU DJAN LEY BIN**

**TENGKU MAHALEEL**

### COMPANY SECRETARIES

**TAI YIT CHAN** (SSM PC No. 202008001023)

(MAICSA 7009143)

**WONG SIEW YEEN** (SSM PC No. 202008001471)

(MAICSA 7018749)

Tel : +60 (3) 7890 4800

Fax : +60 (3) 7890 4650

E-mail : boardroom-kl@boardroomlimited.com

### REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13

46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Tel : +60 (3) 7890 4800

Fax : +60 (3) 7890 4650

E-mail : boardroom-kl@boardroomlimited.com

Website : www.boardroomlimited.com

### SHARE REGISTRAR

**TRICOR INVESTOR & ISSUING HOUSE**

**SERVICES SDN BHD** (197101000970) (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**

(199401009721) (295400-W)

**UNITED OVERSEAS BANK (MALAYSIA)**

**BERHAD** (199301017069) (271809-K)

### PRINCIPAL OFFICES

#### HEAD OFFICE

**TIEN WAH PRESS HOLDINGS BERHAD**

(199501011233) (340434-K)

9 & 11, Jalan Prof. Khoo Kay Kim

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3) 7956 3866

Fax : +60 (3) 7957 6743

E-mail : waiming.leong@newtoyo.com

Website : www.tienwah.com

### SUBSIDIARY COMPANIES

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

(196001000181) (3850-D)

**TIEN WAH PROPERTIES SDN BHD**

(199701013008) (428504-A)

9 & 11, Jalan Prof. Khoo Kay Kim

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

Tel : +60 (3) 7956 3866

Fax : +60 (3) 7957 6743

### 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 : allan.laceda@newtoyo.com

### ALLIANCE PRINT TECHNOLOGIES FZE

(178665)

Plot No. S30605, PO Box 263919

Jafza South, Jebel Ali Free Zone

Dubai, United Arab Emirates

Tel : +971 488 65 707

E-mail : koonlim.sim@newtoyo.com

### PT. BINTANG PESONA JAGAT

(8120107850698)

Jl. Perusahaan No. 8

Karanglo, Banjararum Singosari

Malang, Jawa Timur 65153

Indonesia

Tel : +62 (341) 434 3400

E-mail : kuiheng.chong@newtoyo.com

### JOINTLY CONTROLLED ENTITY

#### LUM CHANG TIEN WAH PROPERTY

**SDN BHD** (201601008211) (1179139-K)

Lot 10-03, Level 10, Menara HLA

3 Jalan Kia Peng

50450, Kuala Lumpur

Wilayah Persekutuan, Malaysia

Tel : +60 (3) 2332 0611

Fax : +60 (3) 2856 7566

E-mail : lctwp@lumchang.com.my

#### 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

### STOCK EXCHANGE LISTING

#### BURSA MALAYSIA SECURITIES BERHAD

(200301033577) (635998-W)

Main Market

Listed since : 2 August 1996

Stock Code : 7374

Stock Name : TIENWAH

## Group Corporate Structure

as at 13 May 2020



### TIEN WAH PRESS HOLDINGS BERHAD

(Registration No.: 199501011233  
(340434-K))  
Investment holding company  
Incorporated on 15 April 1995

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

(Registration No.: 196001000181 (3850-D))

##### Equity 100%

Dormant.

*Incorporated on 20 July 1960*

#### New Toyo Investments Pte Ltd

(Company No.: 199600807W)

##### Equity 100%

Investment holding company.

*Incorporated on 1 February 1996*

#### Alliance Print Technologies FZE

(Registration No.: 178665)

##### Equity 100%

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

*Incorporated on 8 March 2016*

#### Max Ease International Limited

(Company No.: 1250981)

##### Equity 51%

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

*Incorporated on 26 June 2008*

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

(Investment Licence No.: 9876782084)

##### Equity 50%

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

*Incorporated on 14 July 1993*

#### Tien Wah Properties Sdn Bhd

(Registration No.: 199701013008 (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%

Dormant.

*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.: 8120107850698)

##### 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

(Registration No.: 201601008211 (1179139-K))

##### Equity 50%

Property development and property investment.

*Incorporated on 11 March 2016*

## Corporate Profile

# INCORPORATION & PRINCIPAL ACTIVITIES

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

## Corporate Profile

cont'd



### BACKGROUND AND BUSINESS OVERVIEW

#### Corporate Development of TWPH Group

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

Since its listing in 1996, TWPH developed further by establishing joint venture companies; Benkert (Malaysia) Sdn Bhd ("Berkert") in 1998 and Paper Base Converting Sdn Bhd ("PBC") in 1999. Berkert operates as a member of the International Benkert 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 TWPH, on 4 December 2008 and the remaining 30% shares in Berkert was disposed to Berkert UK Ltd on 7 March 2017.

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

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

In 2009, TWPH acquired Toyo (Viet) Paper Product Co. Ltd. ("TVP"), a company incorporated and domiciled in Vietnam.

## Corporate Profile

cont'd

On 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 jointly develop the property at No 9 & 11, Jalan Prof. Khoo Kay Kim, 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. 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.

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, TWPH ceased its printing business in Australia and Malaysia on 15 June 2017 and 20 July 2017 respectively.



### TWPH Regional Production Footprint

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

- 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 a major printer in South East Asia. Supported by its staff of about 800, 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 regionally.

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



## Five-Year Group Financial Highlights

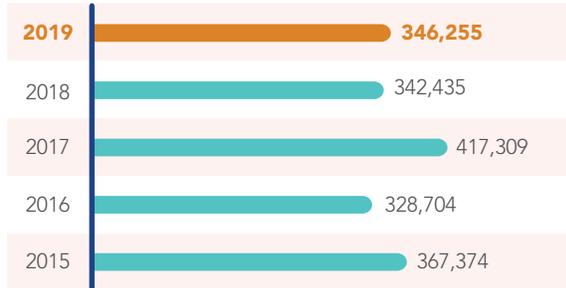
	2019	2018	2017	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PROFITABILITY</b>					
Revenue	346,255	342,435	417,309	328,704	367,374
Results from operating activities	(4,193)	12,886	(33,634)	46,840	33,192
(Loss)/Profit before tax	(14,198)	4,971	(36,970)	51,194	37,622
(Loss)/Profit for the year	(15,944)	2,494	(33,192)	52,603	35,831
(Loss)/Profit attributable to owners of the Company	(20,045)	(6,144)	(19,685)	64,188	33,975
Net annual dividends	7,961	12,495	9,371	17,369	17,369
<b>KEY BALANCE SHEET DATA</b>					
Share capital	156,187	156,187	156,187	144,743	96,495
Total equity attributable to owners of the Company	292,388	325,949	333,161	381,319	284,271
Intangible assets	72,412	77,061	80,178	91,497	19,443
Property, plant and equipment	238,599	261,847	249,008	262,936	242,099
Investment properties	368	377	43,451	-	-
Investment in joint venture	34,292	34,606	6,455	5,938	6,464
Investment in an associate	-	-	-	-	25,460
Other non-current assets	23,288	8,961	5,920	10,158	11,153
Current assets	218,772	244,425	266,387	314,085	199,087
<b>Total assets</b>	<b>587,731</b>	<b>627,277</b>	<b>651,399</b>	<b>684,614</b>	<b>503,706</b>
Non current liabilities	102,969	100,696	103,247	108,964	25,130
Current liabilities	148,596	159,373	180,754	146,661	132,137
<b>Total liabilities</b>	<b>251,565</b>	<b>260,069</b>	<b>284,001</b>	<b>255,625</b>	<b>157,267</b>
Loans and borrowings	106,910	138,157	134,011	138,161	71,606
Capital expenditure	32,455	55,118	103,790	37,630	14,612
Cash generated from operations	74,847	31,551	67,818	53,898	69,634
<b>SHARE INFORMATION</b>					
Gross (loss)/earnings per share (sen)	(9.81)	3.43	(25.54)	35.71	32.56
Net (loss)/earnings per share (sen)	(13.85)	(4.24)	(13.60)	44.77	29.40
Net assets per share (RM)	2.02	2.25	2.30	2.63	2.95
Net dividend per share (sen)	5.50	8.00	6.00	12.00	18.00
Share price as at end quarter or FYE (RM)	1.11	1.12	1.54	1.76	2.57
<b>FINANCIAL RATIOS</b>					
Return on revenue (%)	(5.79)	(1.79)	(4.72)	19.53	9.25
Return on paid-up capital (%)	(12.83)	(3.93)	(12.60)	44.35	35.21
Return on shareholders' funds (%)	(6.86)	(1.88)	(5.91)	16.83	11.95
Gearing (net borrowings to shareholders' funds) - times	0.37	0.42	0.40	0.36	0.25

## Five-Year Group Financial Highlights

cont'd

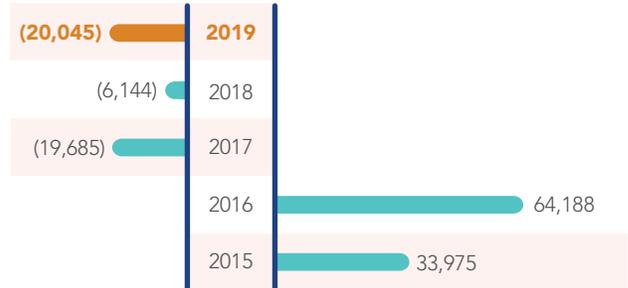
### REVENUE

Profitability  
(RM'million)



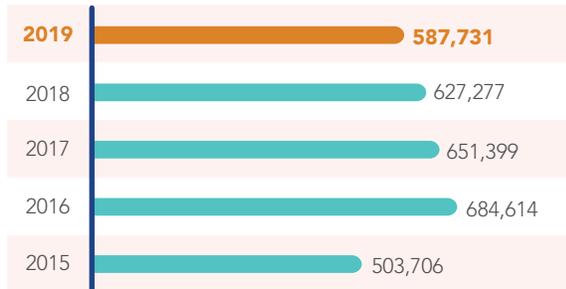
### PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profitability  
(RM'million)



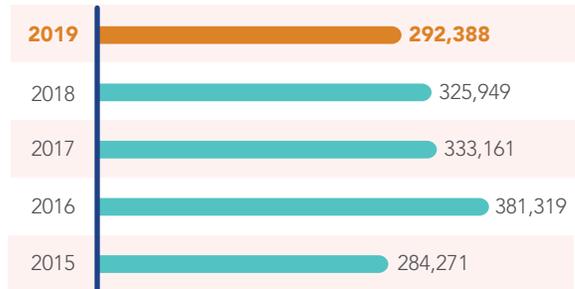
### TOTAL ASSETS

Key Balance Sheet Data  
(RM'million)



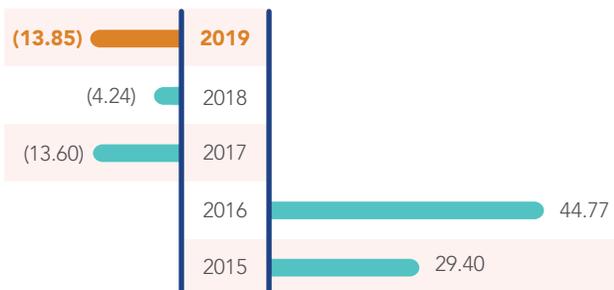
### TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Key Balance Sheet Data  
(RM'million)



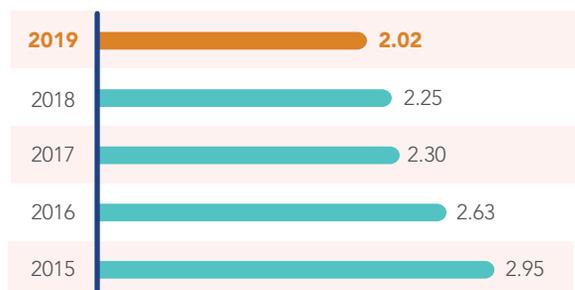
### NET EARNINGS PER SHARE

Share Information  
(Sen)



### NET ASSETS PER SHARE

Share Information  
(RM)



## Investor Information

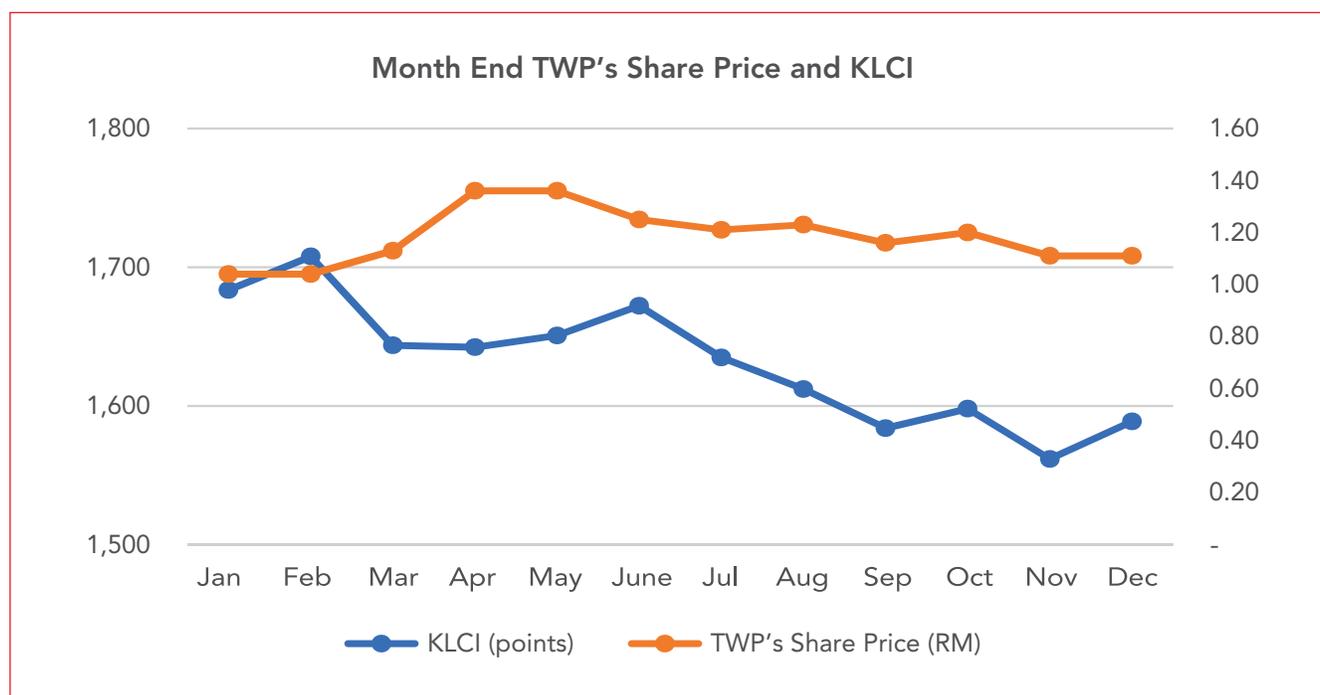
### STOCK MARKET PERFORMANCE IN 2019

FTSE Bursa Malaysia Composite Index ("FBM KLCI") started positively in 2019 and peaked at 1,730 points on 21 February 2019 on back of higher oil price on the Organisation of Petroleum Exporting Countries ("OPEC") supply cuts. Thereafter for the rest of 2019 the FBM KLCI was volatile and trending downwards on the uncertainty of the outcome of the trade negotiations between US and China and lower than expected Crude Palm Oil prices.

The domestic political uncertainty and shelving and renegotiation of several large infrastructure projects also did not help to provide any catalyst for FBM KLCI.

FBM KLCI closed at 1,589 points as at 31 December 2019, a drop of 102 points or 6.0% from the start of 2019.

### TIEN WAH PRESS HOLDINGS ("TWP") SHARE PRICE PERFORMANCE IN 2019



TWPH share price started at the beginning of 2019 at RM1.12 and reached a high of RM1.48 on 12 April 2019 on the back of the announcement for a final single tier dividend declared of 8 sen per share for FY2018 which was paid on 1 July 2019. The price slipped back to close at RM1.11 for the year due to weaker overall stock market sentiment.

## Profile of Directors



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

*Executive Director, Chairman  
Singaporean, Age 71 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.

Other than TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

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 Seven (7) board meetings held in the financial year ended 31 December 2019.

## Profile of Directors

cont'd



### MR LEE CHEE WHY

*Executive Director, Chief Executive Officer  
Singaporean, Age 53 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. Other than TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

He is deemed interested in the recurrent related party transactions by virtue of him being a person connected with NTIH, 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. 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 Seven (7) board meetings held in the financial year ended 31 December 2019.

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 ("NTIT") in 1992 and served as Director till 1995 before being re-appointed as Director in 2002. 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 for both local and overseas.

She served on the Management Committee of Care Community Services Society of Singapore from 2000 to 2003 and was appointed to the board of Trinity Christian Centre since 2015. In March 2018, she completed her studies in Master of Social Science.

Other than TWPH, she does not hold any other directorships in other public companies and listed issuers in Malaysia.

She is deemed interested in the recurrent related party transactions by virtue of her being a person connected with NTIH, 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. 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 Seven (7) board meetings held in the financial year ended 31 December 2019.



### MS ANGELA HENG CHOR KIANG

*Non-Independent Non-Executive Director  
Singaporean, Age 61 years, Female*

## Profile of Directors

cont'd



### MR TUNG KUM HON

*Independent Non-Executive Director  
Malaysian, Age 61 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. Other than TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

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

He has attended seven (7) board meetings held in the financial year ended 31 December 2019.

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 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 has served on numerous State, 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).

Up until the end of December 2019 he served 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.

Other than TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

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 seven (7) board meetings held in the financial year ended 31 December 2019.



### MR JOHN DAVID CAMBRIDGE

*Independent Non-Executive Director  
Australian, Age 76 years, Male*

## Profile of Directors

cont'd



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

*Independent Non-Executive Director  
Malaysian, Age 80 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 the 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.

Other than TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

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 six (6) out of seven (7) board meetings held in the financial year ended 31 December 2019.

Tengku Djan was appointed to the Board of the Company on 26 February 2018. He serves as a member of the 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 his 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 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 TWPH, he does not hold any other directorships in other public companies and listed issuers in Malaysia.

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 seven (7) board meetings held in the financial year ended 31 December 2019.



### YM TENGKU DJAN LEY BIN TENGKU MAHALEEL

*Independent Non-Executive Director  
Malaysian, Age 43 years, Male*

## Profile of Senior Management



### **MR LEONG WAI MING**

*Group Finance Director  
Tien Wah Press Holdings Berhad  
Malaysian, Age 51 years, Male*

Mr Leong graduated with a Bachelor of Economics Degree from the University of Adelaide, Australia. He is a member of the Malaysian Institute of Accountants.

Mr. Leong has over 28 years of working experience in the area of financial management, corporate function, restructuring, merger and acquisition. Prior to joining TWPH, Mr Leong has served in various positions in five (5) other public listed companies and two (2) international accounting firms.

He joined TWPH on 2 January 2019 as the Group Finance Director and is responsible to lead the Finance and Risk Management functions of the Group.

He does not hold any directorship in any public companies and listed issuers in Malaysia.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interest in any business arrangement involving the Company. Other than traffic offenses, 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 Ong graduated with a Bachelor Degree in Mechanical Engineering from Queen's University of Belfast Northern Ireland, United Kingdom and Master in Science in Megatronic from National University of Singapore.

He brings with him more than 25 years of experience in the Electronic and Tobacco manufacturing industry and has held multiple responsibilities in operation, supply chain, general management and project management. His portfolio includes factory set up/consolidation, product transfer/development and management of operating facilities in various countries like, Myanmar, Vietnam, Cambodia, Malaysia, China and Singapore.

He joined TWPH on 7 January 2019 as the Group Operations Director and is responsible for group operation.

He does not hold any directorship in any public companies and listed issuers in Malaysia.

He does not have any family relationship with any director and/or major shareholder of TWPH Group, or any conflict of interest in any business arrangement involving the Company. Other than traffic offenses, 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 GAVIN ONG YEW DEE**

*Group Operations Director  
Tien Wah Press Holdings Berhad  
Singaporean, Age 54 years, Male*

# Chairman's Review

## Statement



**YEN WEN HWA**  
Chairman

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Tien Wah Press Holdings Berhad ("TWPH"), it is with great pleasure that I submit to our loyal shareholders, the Group's performance for the financial year ended 31 December 2019.

### PERFORMANCE REVIEW

For the year under review, the Group operated in a difficult economic and business environment, with the tobacco industry continuously adapting its business model to adapt to these market challenges.

As part of the industry's critical supply chain, TWPH had to continuously adapt to these market changes, requiring the Group to continuously innovate with speed in order to support our customers.

As you are aware, we have taken steps to continuously position ourselves to face the ever-changing market behavior and in recent years, expanded our foot print into new low cost locations in Asean to be competitive. This strategic move places us in a strong position in future to meet competition as a key supplier to the tobacco industry.

At the same time we also took a decision to expand our market centers from Asia – Australia to the Middle East, in order to spread our risks to a wider area. However, our entry into this market center has faced severe competition, resulting in a market entry business loss of RM12.8 million. Intense discussions are being held with major customers to break into the market. At the same time so as to mitigate the market entry cost, we have for the short term outsourced the production capacity of this plant. For this mitigating arrangement, the Group has prudently recorded an accounting impairment loss of RM9.2 million for fixed assets in Dubai. Moving forward, in future, Dubai's fixed asset will have a lower carrying value and correspondingly, a lower depreciation and thus a higher accounting margin.

On our diversification into the property sector via our Joint Venture ("JV") Company, Lum Chang Tien Wah Property Sdn Bhd, a decision was made to delay this project. This in recognition of the overhang and weak property prices in the area where the project is located. However, to earn some income, the JV Company has tenanted the property for 6 years. This will provide a recurrent rental income until such time the market returns to a more positive position.

## Chairman's Review Statement

cont'd

### FINANCIAL

With the foregoing operating environment outlined, the Group reported a consolidated loss after tax of RM15.9 million and a loss to shareholders of the company of RM20 million for the year ended 2019.

If we exclude the impairment loss of the Dubai operations of RM9.2 million then the adjusted consolidated loss after tax will stand at RM6.7 million and a loss to shareholders of the Company of RM10.8 million. This is a marked improvement compared to 2018 where the normalised consolidated loss after tax was RM11.9 million and the loss after tax to the shareholders of the Company was RM13.4 million after removing the one-off gain relating to the disposal of the assets in Australia offset by the effect of foreign currency translation loss in Anzpac was reported. This illustrates that the internal improvement programs have taken effect but we as a Group must continuously take steps to adapt and improve.

### DIVIDENDS

The Board in spite of the weak results and after having taken recognition of our loyal shareholders and their continued support, is recommending a final single tier dividend of 5.5 sen per ordinary share.

### OUTLOOK FOR 2020

The year 2020 will be the one that may redefine the economic and business landscape not only in areas where we operate but also worldwide.

The impact of the Covid-19 plus the various trade realignment will be defining and we will be watching and reacting of these developments.

We strongly believe the strategic plans we have made and the operational efficiency and cost down programs undertaken, places our Group in a better state to meet the uncertain and challenging future.

With our shareholder's understanding and staff support we are confident of meeting this new normal.

### APPRECIATION

On behalf of the Board, I would like to express our deepest appreciation to our valued customers, suppliers, staff and management for the continued believe and support in this difficult time.

Thank you.

**YEN WEN HWA**  
*Chairman*

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



**LEE CHEE WHYE**  
Chief Executive Officer

## 2019 PERFORMANCE OVERVIEW

TWPH Group's annual revenue remained fairly unchanged from RM342.4 million to RM346.3 million in 2019.

The global tobacco industry has been changing their business models to adapt to the market challenges. While the existing tobacco industry printers continue to compete for the main market volumes, I believe that at TWPH, our low-cost locations, decades of printing know-how and dedication of our workforce will enable the Group to be the winning company.

In 2019, the dedicated people of TWPH have tirelessly trained up and transferred the vast know-how from the Malaysian and Australian set-up to Vietnam, Indonesia and Dubai. Our operating results in 2019 confirms the fruits of these hardworking staff. While we have hoped for these efficiencies to be more and quicker, we can be assured that in 2019, the Group has moved in the right direction.

## Operations Performance Review

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

The 2019 key performance measures on Gravure printers as set out below:

	2019		2018	
	Unit Measure	Weighted Average*	Unit Measure	Weighted Average*
Number of Gravure printers	14	11.3	14	13.3
Number of Available Gravure Hours	122,640	99,280	122,640	116,800
Number of Production Gravure Hours	56,898	56,898	51,842	51,842
Utilisation %	46.4	57.3	42.3	44.4

*Notes:-*

- \* The lower weighted average number of gravure printers is due to our Indonesian operation, BPJ relocation to a new factory.
- \*\* Simple count and weighted average for gravure printers in use 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 utilisation % in 2019 is due to higher Gravure usage in APT, Vietnam and APTF, Dubai compared to 2018.

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



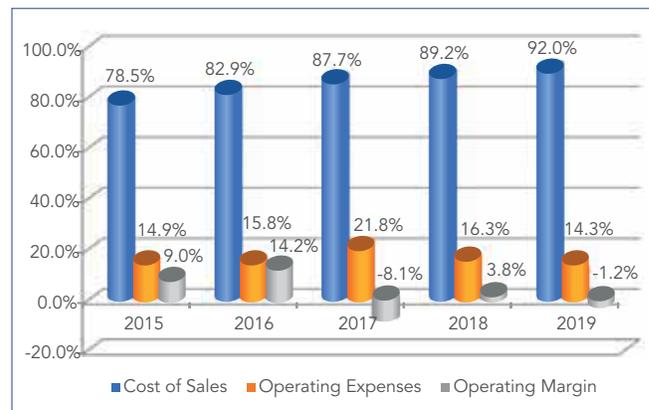
## REVENUE PERFORMANCE



Total revenue remained fairly unchanged from RM342.4 million to RM346.3 million in 2019.

The Group has two main types of customers i.e. tobacco and non-tobacco customers. Tobacco customers' print requirements include hinge lid blanks, display outer cartons and limited-edition cigarette packaging. General packaging for non-tobacco customers are mainly derived from food and beverage packaging.

## COST AND MARGIN

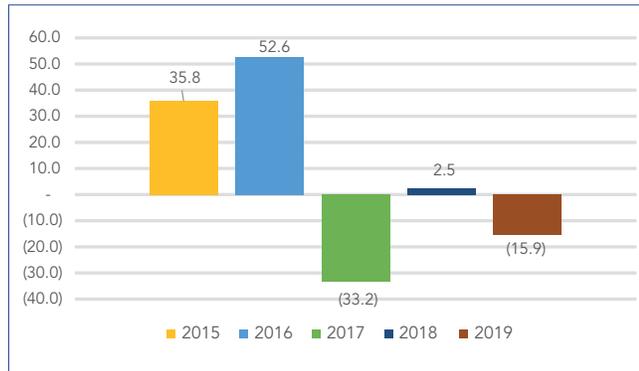


Cost of sales as a percentage of revenue increased from 89.2% to 92.0% in FY2019 due to higher material cost incurred in production.

Operating expenses against revenue decreased from 16.3% to 14.3% due to the non-recurrence of one-off impairment of trade receivable of RM6.8 million and foreign currency translation loss in Anzpac of RM9.1 million in FY2018 and the one-off accounting impairment loss for the fixed assets in Dubai of RM9.2 million in FY2019.

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

### NET PROFIT



TWPH reported a net loss after tax of RM15.9 million (2018 – profit of RM2.5 million). In 2019, the Group recorded an accounting impairment loss for the fixed assets in Dubai of RM9.2 million. In 2018, there was non-operational gain resulting from the disposal of Land and Building in Australia of RM23.5 million offset by effect of foreign currency translation loss in Anzpac of RM9.1 million.

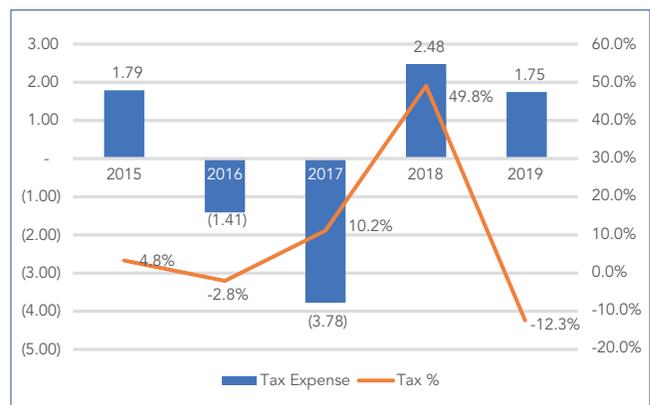
Adjusting for the above non-operational gain, the net loss after tax of RM6.7 million in 2019 represent an improvement of adjusted net loss after tax of RM11.9 million in 2018.

The net loss after non-controlling interests stood at RM20.0 million (FY2018 – loss of RM6.1 million). Adjusting for the impact of the accounting impairment loss and the impacting relating to the disposal of assets in Australia, the adjusted net loss after non-controlling interest in 2019 was RM10.8 million an improvement compared to adjusted net loss after non-controlling interest in 2018 of RM13.4 million.

The Group Earnings before Interest, Tax, Depreciation and Amortization (EBITDA), reduced from RM56.4 million in 2018 to RM47.0 million in 2019 due to a non-cash accounting impairment on property plant and equipment amounting to RM9.2 million at the Dubai operation.



### TAX EXPENSE



The Group generally enjoys a reasonably low tax expense level due to the availability of tax incentives at zero and lower corporate tax rates in Hong Kong and Vietnam respectively. However, in 2019 there was a tax expense of RM1.7 million despite a Group net loss position due to the losses in APTF which is non-deductible for tax purposes.



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

cont'd

### CASH FLOW MANAGEMENT

CONSOLIDATED CASH FLOW STATEMENT	12 months 2019 RM'000	12 months 2018 RM'000	Increase/ (Decrease) %
(Loss)/Profit from operations	(14,198)	4,971	(385.6)
<b>Adjustment for:-</b>			
Net interest expense	8,750	6,251	40.0
<b>Property, plant and equipment</b>			-
- Depreciation	48,547	41,579	16.8
- Gain on disposal	(34)	(23,526)	(99.9)
- Write off	39	2	1,850.0
- Impairment	9,160	-	100.0
(Reversal)/Impairment of receivables	(209)	6,770	(103.1)
Inventory write down/off	1,420	3,418	(58.5)
Retirement benefits provided	-	115	(100.0)
Redundancy expenses	421	149	182.6
(Reversal of)/Provision for annual leaves	(106)	87	(221.8)
Liability for long-service leave	622	688	(9.6)
Share of profit after tax for joint venture	1,255	1,664	(24.6)
Amortisation of intangible assets	3,959	4,175	(5.2)
Unrealised foreign exchange gain	(145)	(4,299)	(96.6)
Changes in working capital	15,367	(10,493)	(246.5)
Cash generated from operations	74,847	31,551	137.2
Interest received	659	3,030	(78.3)
Employee benefits used	(406)	(467)	(13.1)
Income tax paid	(1,693)	(1,837)	(7.8)
Net capital expenditure	(32,455)	(55,118)	(41.1)
Investment in joint venture	(1,000)	-	(100.0)
Proceed from disposal of PPE & investment properties	39	67,278	(99.9)
Other Investing activities	115	(3)	(3,933.3)
Dividend paid	(13,115)	(8,251)	59.0
Other financing activities	(38,567)	(29,299)	31.6
(Decrease)/Increase in cash and cash equivalents	(11,576)	6,884	(268.2)
Exchange differences on translation of opening balance	(1,685)	9,050	(118.6)
Cash and cash equivalents at 1 January	48,865	32,931	48.4
Cash and cash equivalents at 31 December	35,604	48,865	(27.1)

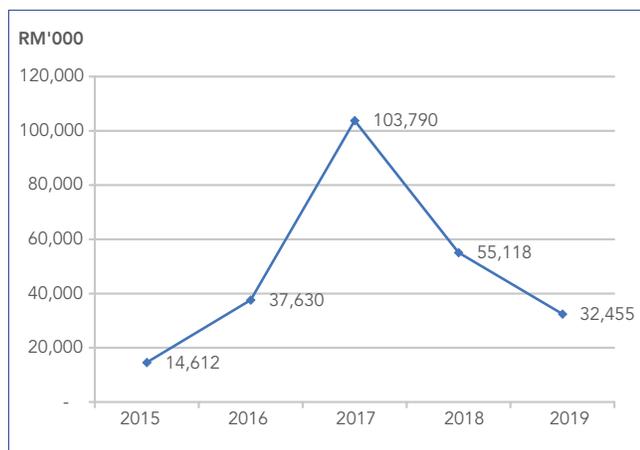
## CEO's Business Operations Review, Management Discussion & Analysis cont'd

As at 31 December 2019, cash and cash equivalents amounted to RM35.6 million, decrease of RM13.3 million from FY2018.

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

- Capital expenditure of RM32.5 million of which RM21.9 million relates to tooling for secured jobs from customers.
- Net repayment of bank borrowing of RM30.8 million.
- Dividend payment of RM13.1 million.

### 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. On 20 March 2018, the Company had announced that the Parties (the Company, DOFICO and TVDP are collectively referred to as "the Parties") entered into a termination agreement ("Termination Agreement") to mutually agree to terminate the strategic joint venture agreement dated 24 May 2015.

TVDP turnover in FY2019 was RM12.2 million (2018 : RM8.9 million) with loss after tax of RM0.9 million (2018 : loss after tax of RM1.6 million).

In agreement with the Chairman, despite COVID-19, the Group has put in place strategies to manage the impacts as they develop, which will allow the Group to continue to progress.

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 patience and continuous support to TWPH Group. I wish to convey my personal gratitude to all the staff that have assisted in meeting the challenges in 2019 and beyond.

**LEE CHEE WHYE**  
Chief Executive Officer



## 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”). This Corporate Governance Overview Statement was prepared with reference to the 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 set out 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 practices may be more evidently manifested in the context of the respective statements.

### CORPORATE GOVERNANCE APPROACH

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

TWPH’s overall approaches to corporate governance are as follows:-

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

The Board leads and drives efforts to ensure good corporate governance practices in 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.

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**.

TWPH has also taken steps specifically designed to synchronise its corporate governance standards and practices throughout the Company and its subsidiaries (“TWPH Group” or the “Group”). This effort is focused on standardising its 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 interest of other stakeholders such as customers, suppliers, employees, society and the community in which TWPH conducts its business.

## Corporate Governance Overview Statement

cont'd

### SUMMARY OF CORPORATE GOVERNANCE PRACTICES

TWPH has applied all applicable Practices set out in the MCCG for the financial year ended 31 December 2019 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 12.3</b>	Facilitate remote shareholders' participation.

In line with the latitude provided in the application mechanism of the MCCG, TWPH has provided cogent explanations for the departures from the said Practices. The explanations on the departures stated measures 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 the 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:-

### PRINCIPLE A: BOARD RESPONSIBILITIES, LEADERSHIP AND EFFECTIVENESS

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

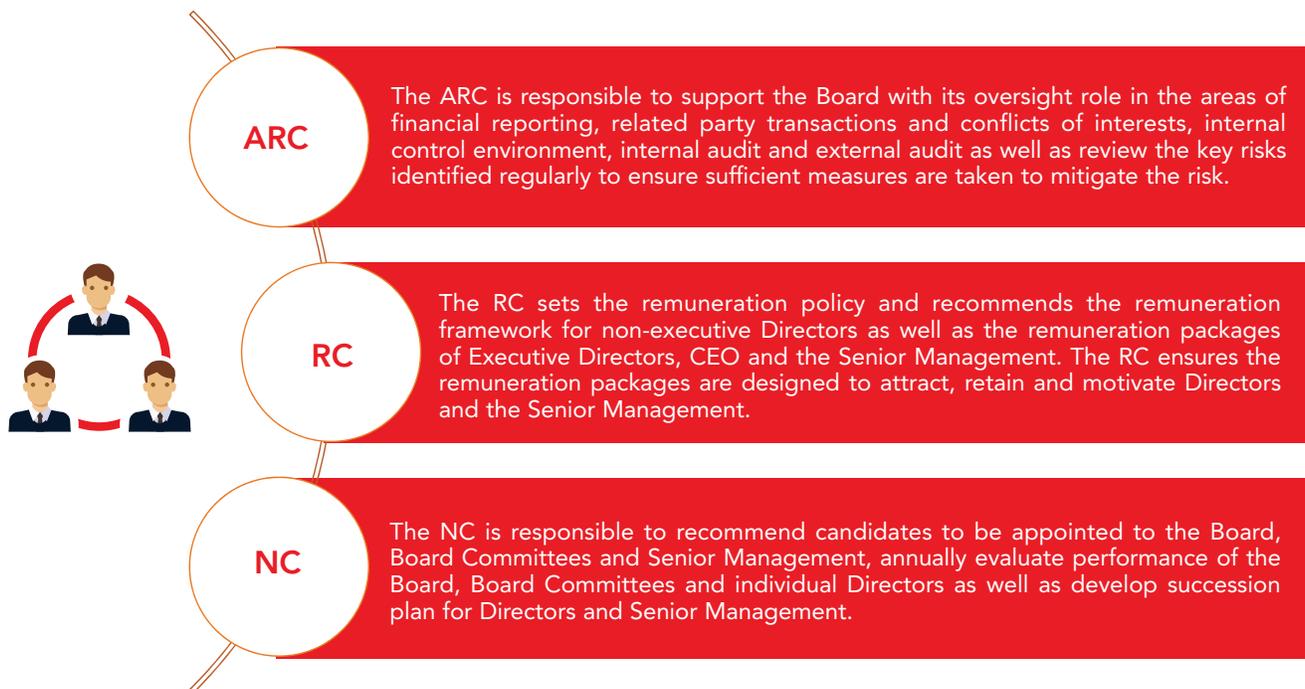
The Board has a formal schedule of matters reserved for decision-making which includes the TWPH Group's overall strategy and direction, acquisition and divestment policy, approval of major capital expenditure, corporate projects, consideration of significant financial matters and it reviews the financial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

To ensure the effective discharge of its oversight functions and responsibilities, the Board has established and delegated certain responsibilities to the Board Committees, namely, the Audit and Risk Committee ("ARC"), Nomination Committee ("NC") and Remuneration Committee ("RC").

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

## Corporate Governance Overview Statement

cont'd



The attendance of individual Directors for the meetings of the Board and Board Committees are outlined below:-

Directors	Board	ARC	RC	NC
Yen Wen Hwa (Ngan Tzee Manh)	7/7			
Lee Chee Whye	7/7			
Angela Heng Chor Kiang	7/7		2/2	
Dr Ong Eng Leng (Ong Eng Lin)	6/7	3/4	2/2	1/1
John David Cambridge	7/7	4/4	2/2	1/1
Tung Kum Hon	7/7	4/4		1/1
YM Tengku Djan Ley Bin Tengku Mahaleel	7/7	4/4		

<span style="display: inline-block; width: 15px; height: 15px; background-color: #e67e22; border: 1px solid #000; margin-right: 5px;"></span> Board/Board Committee Chairman	<span style="display: inline-block; width: 15px; height: 15px; background-color: #f1c40f; border: 1px solid #000; margin-right: 5px;"></span> Member
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The Board has delegated the authority to achieve the corporate objectives and day-to-day management of the businesses of the Group to the Chief Executive Officer ("CEO"). The CEO is to ensure the effective implementation of the Group's business plan, strategies and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation and prudent management of the Company's resources. The Board regularly monitors the performance of the Group to gain assurance that progress is being made towards the corporate objectives.

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 in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The Board Charter is available on the Company's website at [www.tienwah.com](http://www.tienwah.com).

## Corporate Governance Overview Statement

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The Board is regularly updated and advised by two (2) Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implication to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries assisted the Board and Board Committees in adhering to the relevant corporate governance legislative promulgations and internal policies and procedures and apprise the Board on the latest statutory and regulatory requirements relating to corporate governance.

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). For the financial year under review, there were no whistleblowing cases reported.

### 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's composition complies with the Bursa Malaysia Listing Requirements which requires that at least two (2) Directors or one-third ( $\frac{1}{3}$ ) of the Board of the Company, whichever is the higher, to be Independent Directors as well as 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 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.

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 skills set and experience of the Board are illustrated below:-



## Corporate Governance Overview Statement

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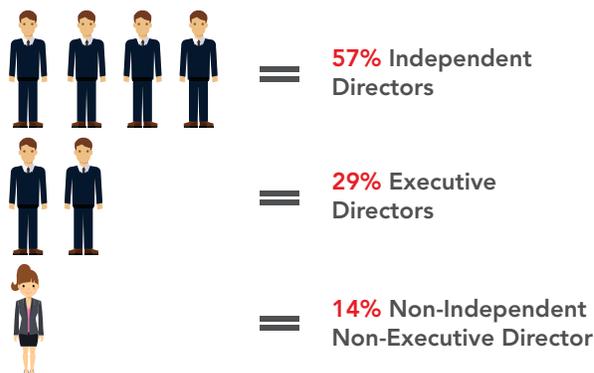
The NC uses the criteria and procedures set out in the Directors' Assessment Policy in assessing the performance of the Board and Board Committees. The NC was satisfied that the Board's and Board Committees' compositions had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In accordance with the Company's Constitution, one-third (1/3) of the Directors are subject to retirement by rotation annually and all Directors shall retire from office at least once every three (3) years.

The Directors to retire each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company. Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming Twenty-Fifth AGM:

- (a) Ms Angela Heng Chor Kiang – Clause 96; and
- (b) Mr Lee Chee Whye – Clause 96.

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming Twenty-Fifth 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 that the Directors 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 the Bursa Malaysia Listing Requirements and the MCCG and there is an appropriate cross-membership 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 consideration 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.

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.

## Corporate Governance Overview Statement

cont'd

During the financial year, the NC has undertaken the following key activities in discharging its duties:-

- Reviewed and assessed the mix of skills and experience and size of the Board, contribution of each Director and effectiveness of the Board and Board Committees;
- Reviewed and assessed the character, experience, integrity and competence of the Board and the CEO to ensure they have the time to discharge their respective roles;
- Discussed and recommended the re-election of Directors at the forthcoming AGM;
- Assessed the overall Board and the Board Committees' performance and effectiveness as a whole;
- Reviewed and assessed the independence of Independent Directors and their tenure of service;
- Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes; and
- Reviewed and assessed the term of office and performance of the ARC and each of its members.

### 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 TWP Group. The RC takes into consideration the 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 Director(s) 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 five (5) Senior Management are disclosed in the Corporate Governance Report of the Company.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### 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 Board. All members of the ARC are financial literate, whilst the Chairman of 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 under review 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 risk 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 work 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.

## Corporate Governance Overview Statement

cont'd

The ARC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's external auditor. During the financial 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 is also supported by Moore Stephens Associates PLT. 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 TWPH 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 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 aspect, operated adequately and effectively and has been in place for the financial year under review and there were no material control failures or adverse consequence 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 together with the ARC Report of this Annual Report.

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

#### **COMMUNICATION WITH STAKEHOLDERS**

The Board recognises the importance of communicating with its shareholders through Annual Reports, AGM and the Company's website. The Company website, [www.tienwah.com](http://www.tienwah.com), provides information such as a dedicated section 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 Chairmen of the Board Committees. During the AGM, the CEO and the Group Finance Director presents 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 AGM are voted by poll and at least one (1) 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 by 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. As called upon by the MCCG, the notice to the 2019 AGM has been provided more than twenty-eight (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).

# Corporate Governance Overview Statement

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## FOCUS AREAS AND FUTURE PRIORITIES ON CORPORATE GOVERNANCE



In 2019, 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 2019 and the forward looking action items that will help to achieve its corporate governance objectives are as follows:-

### (i) *Review of Board and Board Committees' Policies Procedures*

The Board will review and update the existing policies and procedures as and when necessary to ensure they are updated in accordance with the prevailing legal and regulatory promulgations as well as best practices. The latest versions of these documents are published on the Company's website, [www.tienwah.com](http://www.tienwah.com).

### (ii) *Professional Development of Directors*

The NC ensures that new appointees of Board members are of individuals with integrity, high personal and professional ethics, sound business judgement and the ability and willingness to commit sufficient time to the Board.

The NC also ensures that all newly appointed Directors undergo an induction programme that is facilitated to provide them with an understanding of the operations of TWPH. All 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 each Board members in order for them to enhance their skills and knowledge.

The trainings or conference/seminars attended by the Directors for the financial year under review are as follows:-

Training Programme/Conference Seminar	
Yen Wen Hwa (Ngan Tzee Manh) <i>Chairman</i>	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
Lee Chee Whye	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
Angela Heng Chor Kiang	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
Tung Kum Hon	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
Dr Ong Eng Leng (Ong Eng Lin)	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
John David Cambridge	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010
YM Tengku Djan Ley Bin Tengku Mahaleel	Boardroom Smart Business Solutions • Corporate Liability Provision and Whistleblower Protection Act 2010

## Corporate Governance Overview Statement

cont'd

### *(iii) 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.

### *(iv) Succession Planning*

The Board, understands that succession planning is important for the continuity of TWPH's business operations, thus formulating a succession planning framework for its Board and Key Senior Management is critical. 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 experiences are appointed to the Board and management positions of the Company.

### *(v) Boardroom Diversity*

The Board of TWPH will focus its efforts to constitute a diverse Board which bears a variety in the dimensions of skills, experiences, age, cultural background and gender. Candidates will be appointed based on their merit as well as value they bring towards raising the caliber 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:-

### *(i) Material Contracts*

Save as disclosed below, TWPH Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year:

- (a) Lum Chang Tien Wah Property Sdn Bhd, the joint venture company set up by TWPH and Lum Chang Holdings Limited at the agreed proportion on a 50:50 basis between the parties, had on 1 January 2020 entered into a tenancy agreement with PJBOX Sdn Bhd for a period of six (6) years on the two (2) pieces of leasehold land, situated at Petaling Jaya, District of Petaling together with factories and offices erected thereon, for the purpose of constructing and operating a commercial hub comprising but not limited to food, beverage, retail and entertainment.

For details on the above, please refer to the announcement made to Bursa Malaysia Securities Berhad on 3 January 2020.

### *(ii) Utilisation of proceeds*

There were no proceeds raised for any corporate proposals during the financial year ended 31 December 2019.

This Statement was approved by the Board on 8 May 2020.

## Statement on Risk Management and Internal Control

### INTRODUCTION

Pursuant to 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 2019.

### 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 MCCG.

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:-

- 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;
- Established 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.

## 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.

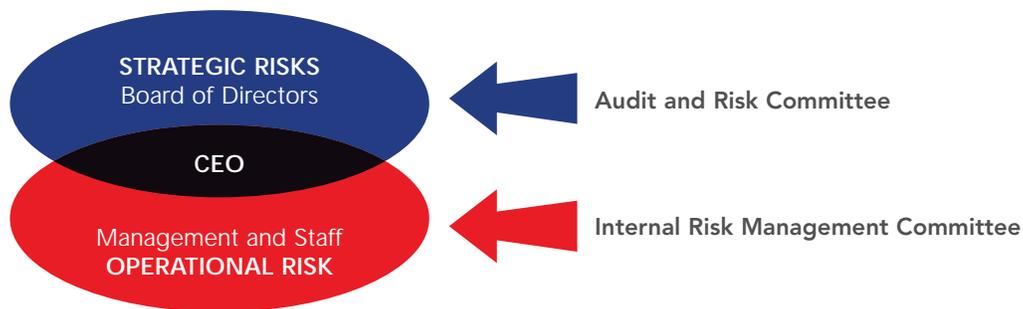
The ARC, comprising of wholly Independent Directors, reviews the updated Risk Register and/or report on new high and moderate risks and assess the status of the risk mitigation action plans as reported by the Internal Risk Management Committee ("IRMC"). The ARC reviews and monitors the effectiveness of the Risk Management Framework of the Group on a quarterly basis.

### 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 organization (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 and reassessed 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 Group.

### 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 limits of authority, Group Policies, Executive Handbook, 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 conduct 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 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 an accurate and timely manner.

Whistle Blower Policy was 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 year under review and up to the date of this report.

## Statement on Risk Management and Internal Control

cont'd

### MONITORING

There were 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 were review of the reports from the Management on a quarterly basis covering, but not restricted to strategy, key performance, resources and risk indicators.

There were 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 the 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 Moore Stephens Associates PLT (co-sourced internal audit) ("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:-

- 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, 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 financial year ended 31 December 2019, 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 8 May 2020.

## 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 2019 in accordance with Paragraph 15.15 of the Bursa Malaysia Listing Requirements.

### MEMBERSHIP AND ATTENDANCE

The ARC of the company was established to provide 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 2019 were as follows:-

Composition ARC	Number of Meeting held		
	Held	Attended	%
Mr Tung Kum Hon – <i>Chairman, Independent Non-Executive Director</i>	4	4	100
Mr John David Cambridge – <i>Independent Non-Executive Director</i>	4	4	100
Dr Ong Eng Leng (Ong Eng Lin) – <i>Independent Non-Executive Director</i>	4	3	75
YM Tengku Djan Ley Bin Tengku Mahaleel – <i>Independent Non-Executive Director</i>	4	4	100

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.

## Audit and Risk Committee Report

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The CEO and Group Finance Director (“GFD”) were invited to the meetings to facilitate direct communication and to provide clarifications on unaudited quarterly financial statements, audit issues and the operations of the Group. The Head of Internal Audit was present at the ARC meetings to table the 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 and Internal Auditors without Executive Board Members and Management’s presence during the financial year under review.

To enable the ARC to fulfill their role effectively, all its members had attended various seminars and training programs during the financial year under review. 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 GFD 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.
- (b) Reviewed and recommended dividend pay-out for the financial year to the Board.

#### 2. External audit

- (a) Reviewed and approved the External Auditors’ audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and coordination of the External Auditors with Management.
- (b) Reviewed with the External Auditors, the Group’s annual financial statements focusing on findings arising from audits particularly the comments and responses in management letter as well as assistance given by the employees of the Group, before recommending to the Board of Directors for approval, including the Key Audit Matters as disclosed in the External Auditors Audit Opinion.
- (c) Reviewed with the External Auditors, the Company’s Statement on Risk Management and Internal Control before recommending the same for inclusion into the 2019 Annual Report.
- (d) Held one (1) meeting 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. 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.

## Audit and Risk Committee Report

cont'd

### 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.
- (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 2019 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2019 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.

## Audit and Risk Committee Report

cont'd

### INTERNAL AUDIT FUNCTION

The internal audit function during the year was undertaken by both the in-house Internal Audit Department and Moore Stephens Associates PLT (co-sourced internal audit services) ("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 jointly by 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 areas of the TWPH Group:-
  - Production Process, including Occupational Safety & Health, Quality Assurance and Waste Management
  - Sales to Collection Process
  - Production Data to Financial Reporting Process
- 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 2019 amounted to approximately RM146,221 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 2019.

This ARC Report was made in accordance with the approval of the Board of Directors on 8 May 2020.

## 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.

# Sustainability Statement

## 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 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.

This Statement covers Tien Wah Press Holdings Berhad and our major operating entities in Alliance Print Technologies Co. Ltd. ("APT") and PT. Bintang Pesona Jagat ("BPJ"), collectively referred to as the "Group". This Statement will be expanded to cover other operating unit at various stages of implementation. This Statement covers our reporting period from 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019, unless otherwise stated.



## Sustainability Statement

cont'd

### OUR SUSTAINABILITY APPROACH

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 companies have been evolving their business strategies and the use of new technologies for product innovation, including packaging to remain competitive. As the Group'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 "Reduced Risk Products" into the markets have undoubtedly upended 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.

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 summarized 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 minimize the environmental impact of our business operations, whilst complying with the environmental regulatory and legal requirements; and
- 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 Statement

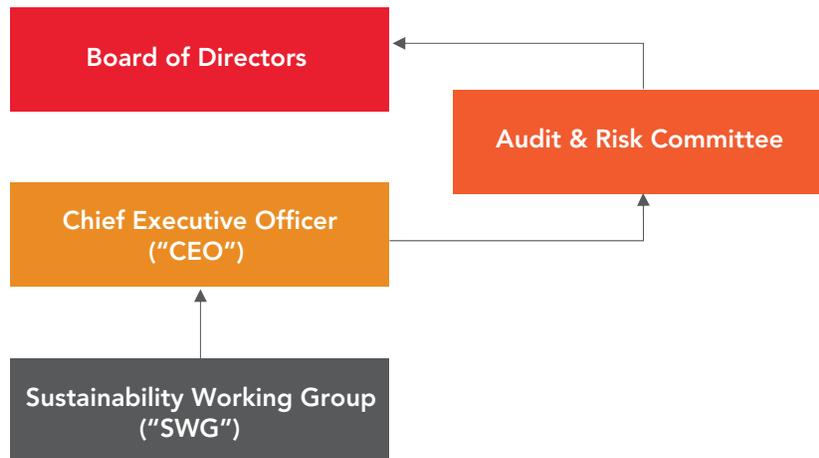
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## SUSTAINABILITY GOVERNANCE

### UNDERPINNING STRATEGIC SUSTAINABILITY VISION

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.

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. SWG comprises of representatives from relevant departments and is supported by sustainability champions across various functions within the Group. **Diagram 1** below illustrates our sustainability governance structure.



*Diagram 1: TWPB Sustainability Governance Structure*

## 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.

The key stakeholder groups with high level of influence and dependence on the Group identified are shareholders/investors, Board of Directors, major customers, government/regulatory bodies and employees. This is illustrated in the **Diagram 2** below.

# Sustainability Statement

cont'd

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.

## Stakeholder Prioritisation Matrix

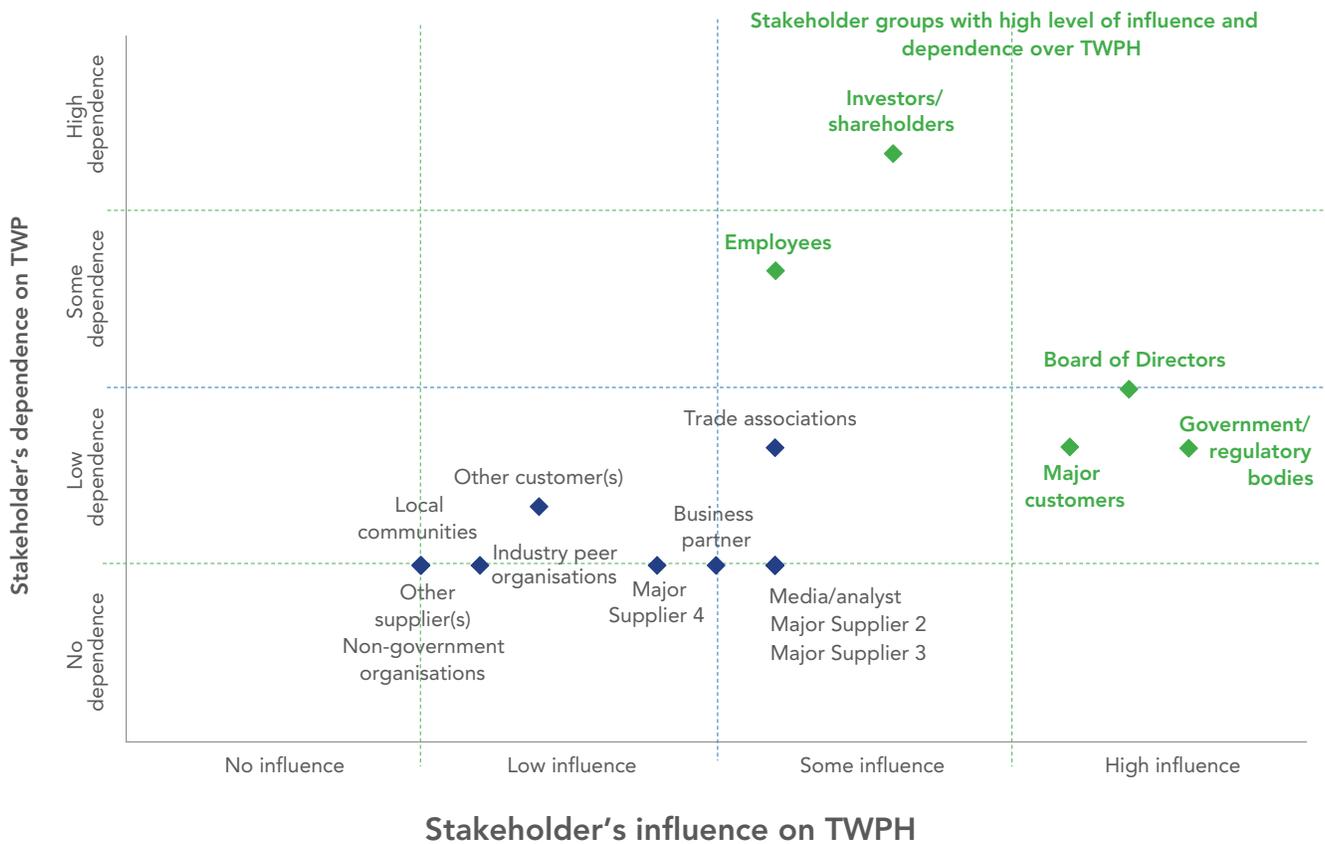


Diagram 2: TWP Stakeholder Prioritisation Matrix

# 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>Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability-Infused Operations</li> <li>Achievement-Oriented Employer</li> <li>Eco-Centric Corporate Citizen</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>Sustainability-Infused Operations</li> <li>Achievement-Oriented Employer</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>Sustainability-Infused Operations</li> <li>Achievement-Oriented Employer</li> <li>Eco-Centric Corporate Citizen</li> </ul>
Shareholders/ Investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Analyst briefing</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>Sustainability-Infused Operations</li> <li>Achievement-Oriented Employer</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>Sustainability-Infused Operations</li> </ul>

## MATERIALITY ASSESSMENT

### HARMONISING STAKEHOLDERS' EXPECTATION & BUSINESS STRATEGIES

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")].

# Sustainability Statement

cont'd

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.

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.

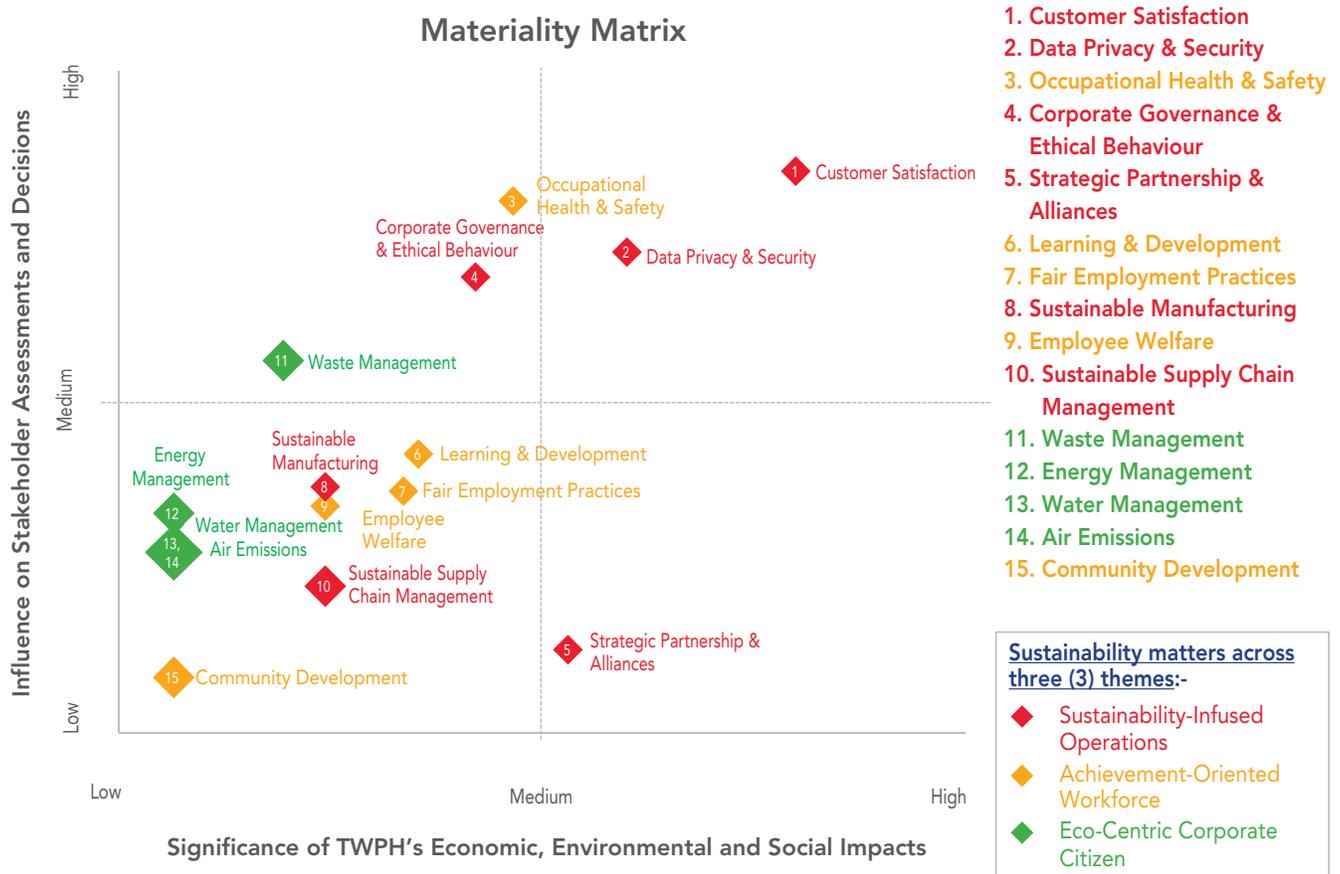
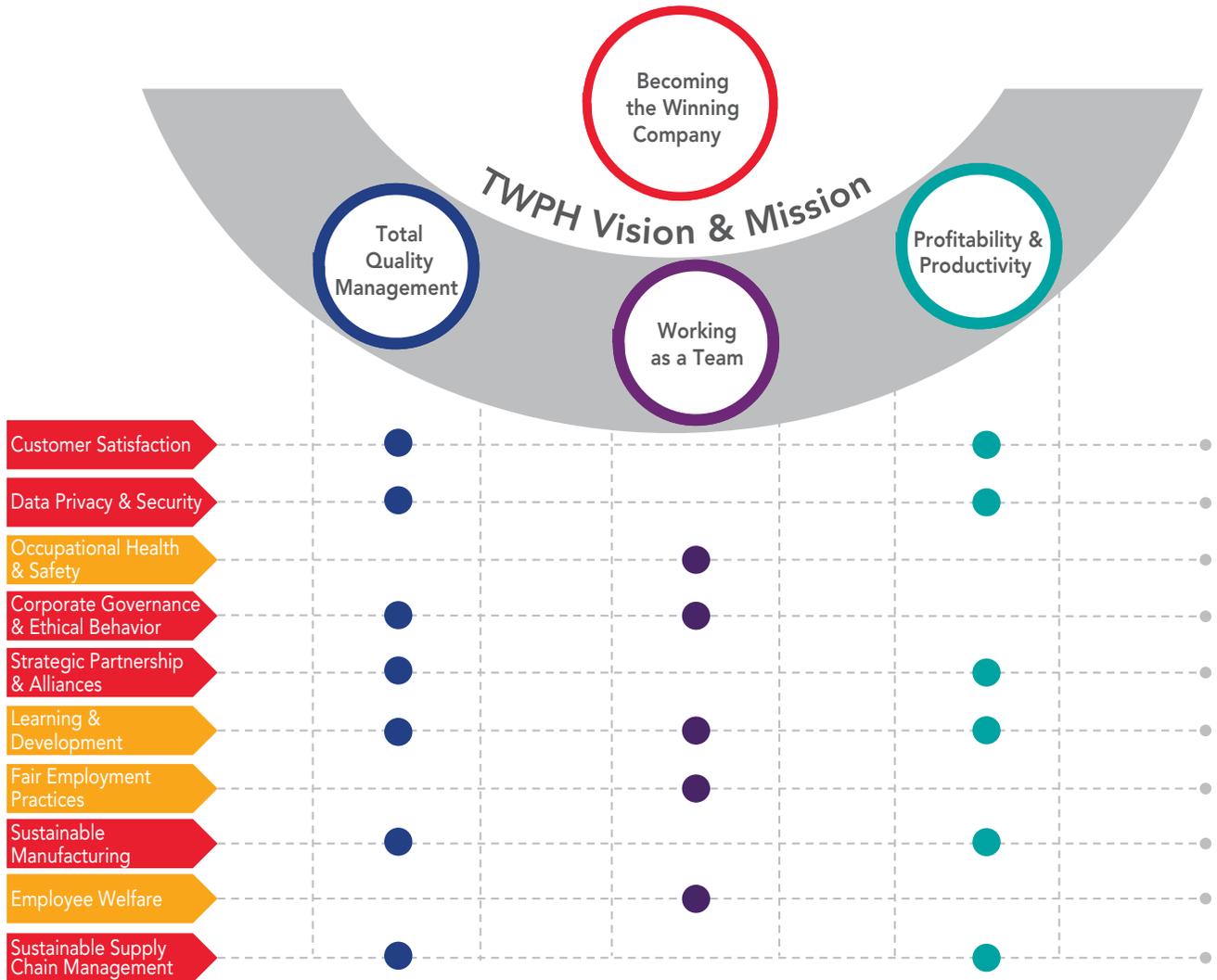


Diagram 3: TWPB Materiality Matrix

# Sustainability Statement

cont'd

Customer satisfaction, data privacy and security, occupational health and safety, corporate governance and ethical behaviour and strategic partnership and alliances are our top five key sustainability matters. **Diagram 4** below, shows the intrinsic connection between our top ten material sustainability matters and TWPB's Vision and Mission, which is ultimately aimed at becoming the "Winning Company" in the industry.



**Top 10 material matters across three (3) themes:**  
 ◆ Sustainability-Infused Operations    ◆ Achievement-Oriented Workforce

Diagram 4: Harmonising 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 operation**  
 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 wellbeing 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 Non-Conformance Feedback Mechanism

Our customer non-conformance feedback management process is guided by Product identification and Traceability Procedures. Feedback received from customers are channeled 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. 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 the Group in FY2018 and FY2019*

	FY 2017 TWPM	FY2017 APT/BPJ	FY2018 APT/BPJ	FY2019 APT/BPJ
Number of feedback received (based on CAPA Forms raised)	54	32	98	135
No. of issues resolved		86	98	103

### 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 FY2019, APT was audited by two of our customers with satisfactory results.

### DATA PRIVACY AND SECURITY

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.

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

## Sustainability Statement

cont'd

### 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, detailed 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.

#### 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 FY2019, 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.

### SUSTAINABLE MANUFACTURING

In the printing industry, green initiatives and sustainable manufacturing practices gained its 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 non-volatile inks is increasing. Industry players including our customers believe that it's use to help to eliminate or reduce greenhouse gas emissions, particularly volatile organic compounds ("VOCs").

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 FY2019, the consumption of soy-based ink is 35% of total ink consumption.

#### Application of Technological Innovation

In our Group, there are eight 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 and separated from the quality prints. In addition, ten offline inspection machines are also deployed in APT and BPJ 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.

### 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 on identified issues.

## Sustainability Statement

cont'd

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 underperforming and breach contractual obligations. During the reporting period, all suppliers have maintained their performance within the targets set by the respective operation unit.

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

APT was accredited by PEFC since FY2013 for the use of sustainable materials for cigarette and general packaging. The key areas of assessment include sourcing of print materials from PEFC certified suppliers and proper segregation and storage of these materials. In FY2019, our consumption of PEFC-certified papers is 52% of total consumption volume.

### ACHIEVEMENT-ORIENTED WORKFORCE

Our employees are key to drive the Group's sustainable growth. Positive values are nurtured by maintaining a safe and healthy working environment and offering various opportunities for career advancement.

### OCCUPATIONAL HEALTH & SAFETY

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

APT and BPJ respectively has established the Health, Safety and Environment ("HSE") Committee and Environment, Health and Safety ("EHS") 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 HSE/EHS Committee comprises of representatives from various functional departments. The HSE/EHS 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 the Group's premises. Contractors are required to submit the permit to Management prior to commencement of work.
- 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 HSE/EHS 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 APT employees' exposure to hazardous chemicals and to prevent work-related injuries and disease.
- Conducting annual safety and health-related inspections, either by our HSE/EHS 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.
- Conducting series of health and safety-related trainings for both management and non-management staff.

## Sustainability Statement

cont'd

### Safety Training

The Group 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 are summarized in the **Table 3** below.

*Table 3: Number of safety-related trainings attended*

Targeted participants	Number of safety-related training attended
Management	2
Non-Management	3

### Safety Performance

The effectiveness of health and safety-related initiatives are vigilantly monitored by the HSE/EHS 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 HSE/EHS 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.

### LEARNING & DEVELOPMENT

Developing and empowering talented and skilled employees remains one of our top priorities. The Group's learning and development programme is constantly reviewed and updated to reflect the latest best practices. The Human Resource ("HR") Department will plan and design the training programme for respective employee.

In FY2019, the focus of the trainings were on safety and details are summarized in **Table 3** above.

### 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 outline the terms and conditions for employment employees as well as our policies related to healthcare, retirement, insurance and remuneration.

The Group 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

The Group has a performance management system to evaluate the performance of employees. 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

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.

### Employee Engagement

Suggestion Boxes are available for our employees to bring up new ideas, comments and suggestions for improving internal processes and work environment.

### Long Service Award

In TWPH, we organised the Long Service Award to reward our employees' loyalty, dedication and commitment to the Company in excess of 20 years of service.

# Sustainability Statement

cont'd

## ECO-CENTRIC CORPORATE CITIZEN

The Group is keen to create an eco-friendly, healthy and safe working environment. APT is certified by ISO 9001:2015 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 HSE/EHS 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. HSE/EHS Committee is supported by relevant process owners from various departments.

## WASTE MANAGEMENT

The Group'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, 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.

The Group has implemented several initiatives to reduce waste generation by recycling the used materials such as paper, board, pallet, solvent and ink.

### 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

### 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

The Group monitors its energy consumption closely. 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.

## 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 regulations.

During the reporting period, the level of emissions was 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.

This Statement was approved by the Board on 8 May 2020.



# FINANCIAL STATEMENTS

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# Directors' Report

## For the year ended 31 December 2019

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 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### 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 7 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(20,045)	(30,903)
Non-controlling interests	4,101	-
	(15,944)	(30,903)

### 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 Directors declared a final single-tier dividends in respect of the financial year ended 31 December 2018 of 8 sen per ordinary share totaling RM11,579,400 on 28 February 2019. The dividends were paid on 1 July 2019.

On 28 February 2020, the Directors recommended a final single-tier dividends in respect of the financial year ended 31 December 2019 of 5.5 sen per ordinary share totaling RM7,960,838 to be approved by the shareholders of the Company at the forthcoming Annual General Meeting.

## Directors' Report

For the year ended 31 December 2019

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  
 John David Cambridge  
 Dr. Ong Eng Leng @ Ong Eng Lin  
 YM Tengku Djan Ley Bin Tengku Mahaleel

### 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. ("TWPM")**

Lee Chee Whye  
 Leong Wai Ming (Appointed on 8 July 2019)  
 Yoong Loong Yan (Resigned on 9 July 2019)

ii) **Tien Wah Properties Sdn. Bhd. ("TWProp")**

Yen Wen Hwa @ Ngan Tzee Manh  
 Lee Chee Whye

iii) **Alliance Print Technologies FZE ("APTFZE")**

Sim Koon Lim (Appointed on 14 November 2019)  
 Allan John Sarte Laceda (Resigned on 29 October 2019)

iv) **New Toyo Investments Pte. Ltd. ("NTIV")**

Lee Chee Whye  
 Leong Wai Ming (Appointed on 25 October 2019)  
 Ong Liang Win (Resigned on 25 October 2019)

v) **Alliance Print Technologies Co., Ltd ("APT")**

Lee Chee Whye  
 Allan John Sarte Laceda (Appointed on 1 March 2019)  
 Thuy Xuan Lam Nguyen (Resigned on 28 February 2019)

vi) **Max Ease International Limited ("MEIL")**

Angela Heng Chor Kiang  
 Lee Chee Whye

vii) **Anzpac Services (Australia) Pty. Ltd. ("Anzpac")**

Yen Wen Hwa @ Ngan Tzee Manh  
 Angela Heng Chor Kiang  
 Lee Chee Whye  
 Kenneth G Starch

# Directors' Report

For the year ended 31 December 2019  
cont'd

## DIRECTORS OF THE SUBSIDIARIES (continued)

### viii) PT Bintang Pesona Jagat ("BPJ")

Angela Heng Chor Kiang  
Lee Chee Whye  
Ir. Iwan Prasetyo, MM  
Chong Kui Heng

### ix) Max View Holdings Limited ("MVHL")

Angela Heng Chor Kiang  
Lee Chee Whye

## 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 fully paid ordinary shares with no par value			At 31.12.2019
	At 1.1.2019	Bought	Sold	
<b>Company</b>				
<b>Deemed interest</b>				
Yen Wen Hwa @ Ngan Tzee Manh	79,084,200	-	-	79,084,200
<b>Ultimate holding company</b>				
<b>Direct interest</b>				
Angela Heng Chor Kiang	500,000	-	-	500,000
Yen Wen Hwa @ Ngan Tzee Manh	139,959,164	-	-	139,959,164
<b>Deemed interest</b>				
Yen Wen Hwa @ Ngan Tzee Manh	87,910,517	-	-	87,910,517

By virtue of his interest in the shares of the Company, Yen Wen Hwa @ Ng Tzee Manh is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2019 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 2019

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 33 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.

### 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 (2018: RM24,390).

There were no indemnity and insurance costs effected for auditors of the Group and Company during the financial year.

### QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audit of the financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

### 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 be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

# Directors' Report

For the year ended 31 December 2019  
cont'd

## OTHER STATUTORY INFORMATION (continued)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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

In the opinion of the Directors, except for the impairment losses on property, plant and equipment and investment in a subsidiary as disclosed in the financial statements of the Group and the Company respectively, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 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 THE FINANCIAL YEAR END

Events subsequent to the financial year end are disclosed in Note 34 to the financial statements.

## AUDITORS

The auditors, KPMG PLT, do not wish to seek re-appointment.

The auditors' remuneration is disclosed in Note 21 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*

Singapore

Date: 8 May 2020

## Statements of Financial Position

As at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Assets</b>					
Property, plant and equipment	3	238,599	261,847	285	413
Right-of-use assets	4	17,386	-	-	-
Investment properties	5	368	377	-	-
Intangible assets	6	72,412	77,061	-	-
Investments in subsidiaries	7	-	-	135,353	165,152
Investment in joint venture	8	34,292	34,606	6,430	6,430
Deferred tax assets	9	1,694	1,492	-	-
Trade and other receivables	10	4,208	7,469	-	1,081
<b>Total non-current assets</b>		<b>368,959</b>	<b>382,852</b>	<b>142,068</b>	<b>173,076</b>
Trade and other receivables	10	91,382	84,751	35,020	34,713
Inventories	11	81,434	95,072	-	-
Contract assets	12	8,684	14,121	-	-
Current tax assets		1,668	1,501	-	-
Cash and bank balances	13	35,604	48,980	5,264	28,581
<b>Total current assets</b>		<b>218,772</b>	<b>244,425</b>	<b>40,284</b>	<b>63,294</b>
<b>Total assets</b>		<b>587,731</b>	<b>627,277</b>	<b>182,352</b>	<b>236,370</b>

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Financial Position

As at 31 December 2019

cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Equity</b>					
Share capital	14	156,187	156,187	156,187	156,187
Reserves	15	136,201	169,762	14,515	56,997
<b>Total equity attributable to owners of the Company</b>		292,388	325,949	170,702	213,184
<b>Non-controlling interests</b>	7	43,778	41,259	-	-
<b>Total equity</b>		336,166	367,208	170,702	213,184
<b>Liabilities</b>					
Deferred tax liabilities	9	2,797	3,436	-	-
Employee benefits	16	1,907	1,199	-	-
Loans and borrowings	17	47,352	62,328	-	189
Lease liabilities		15,743	-	123	-
Trade and other payables	18	33,331	33,733	-	-
Contract liabilities	12	1,839	-	-	-
<b>Total non-current liabilities</b>		102,969	100,696	123	189
Employee benefits	16	614	800	614	720
Loans and borrowings	17	59,558	75,829	-	3,763
Lease liabilities		2,427	-	66	-
Trade and other payables	18	83,428	82,744	10,847	18,514
Contract liabilities	12	2,248	-	-	-
Current tax liabilities		321	-	-	-
<b>Total current liabilities</b>		148,596	159,373	11,527	22,997
<b>Total liabilities</b>		251,565	260,069	11,650	23,186
<b>Total equity and liabilities</b>		587,731	627,277	182,352	236,370

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>					
- Sale of goods		346,255	341,498	-	-
- Rental income		-	937	-	-
- Gross dividend income		-	-	10,549	19,843
		346,255	342,435	10,549	19,843
<b>Cost of sales</b>		(318,469)	(305,359)	-	-
Gross profit		27,786	37,076	10,549	19,843
Other income		17,433	31,750	5,707	7,407
Distribution expenses		(5,983)	(5,872)	-	-
Administrative expenses		(29,863)	(31,458)	(8,235)	(9,401)
Other expenses		(13,775)	(11,840)	(42,422)	(19,808)
Reversal of impairment/(impairment loss) of receivables	28	209	(6,770)	-	-
<b>Results from operating activities</b>		(4,193)	12,886	(34,401)	(1,959)
Finance income		659	3,030	4,623	4,547
Finance costs		(9,409)	(9,281)	(1,082)	(802)
<b>Net finance (costs)/income</b>		(8,750)	(6,251)	3,541	3,745
Share of loss of equity accounted joint venture, net of tax	8	(1,255)	(1,664)	-	-
<b>(Loss)/Profit before tax</b>	21	(14,198)	4,971	(30,860)	1,786
Taxation	24	(1,746)	(2,477)	(43)	(17)
<b>(Loss)/Profit for the year</b>		(15,944)	2,494	(30,903)	1,769

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019  
cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<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		(1,983)	4,188	-	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>	22	(1,983)	4,188	-	-
<b>Total comprehensive (loss)/income for the year</b>		(17,927)	6,682	(30,903)	1,769
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(20,045)	(6,144)	(30,903)	1,769
Non-controlling interests		4,101	8,638	-	-
<b>(Loss)/Profit for the year</b>		(15,944)	2,494	(30,903)	1,769
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(21,982)	(2,801)	(30,903)	1,769
Non-controlling interests		4,055	9,483	-	-
<b>Total comprehensive (loss)/income for the year</b>		(17,927)	6,682	(30,903)	1,769
<b>Basic loss per ordinary share (sen)</b>	25	(13.85)	(4.24)		

The notes on pages 78 to 160 are an integral part of these financial statements

## Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Group	Note	← Attributable to owners of the Company →			Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000			
At 1 January 2018, as previously reported		156,187	21,141	155,833	333,161	34,237	367,398
Adjustment on initial application of MFRS 15, net of tax		-	-	1,379	1,379	-	1,379
As at 1 January 2018, restated		156,187	21,141	157,212	334,540	34,237	368,777
Foreign currency translation differences for foreign operations		-	3,343	-	3,343	845	4,188
Total other comprehensive income for the year		-	3,343	-	3,343	845	4,188
(Loss)/Profit for the year		-	-	(6,144)	(6,144)	8,638	2,494
<b>Total comprehensive profit/(loss) for the year</b>		-	3,343	(6,144)	(2,801)	9,483	6,682
Dividends to owners of the Company	26	-	-	(5,790)	(5,790)	-	(5,790)
Dividends to non-controlling interest		-	-	-	-	(2,461)	(2,461)
<b>Total transactions with the owners of the Company</b>		-	-	(5,790)	(5,790)	(2,461)	(8,251)
<b>At 31 December 2018</b>		<b>156,187</b>	<b>24,484</b>	<b>145,278</b>	<b>325,949</b>	<b>41,259</b>	<b>367,208</b>
As at 1 January 2019		156,187	24,484	145,278	325,949	41,259	367,208
Foreign currency translation differences for foreign operations		-	(1,937)	-	(1,937)	(46)	(1,983)
Total other comprehensive loss for the year		-	(1,937)	-	(1,937)	(46)	(1,983)
(Loss)/Profit for the year		-	-	(20,045)	(20,045)	4,101	(15,944)
<b>Total comprehensive (loss)/income for the year</b>		-	(1,937)	(20,045)	(21,982)	4,055	(17,927)
Dividends to owners of the Company	26	-	-	(11,579)	(11,579)	-	(11,579)
Dividends to non-controlling interest		-	-	-	-	(1,536)	(1,536)
<b>Total transactions with the owners of the Company</b>		-	-	(11,579)	(11,579)	(1,536)	(13,115)
<b>At 31 December 2019</b>		<b>156,187</b>	<b>22,547</b>	<b>113,654</b>	<b>292,388</b>	<b>43,778</b>	<b>336,166</b>

The notes on pages 78 to 160 are an integral part of these financial statements

## Statement of Changes in Equity

For the year ended 31 December 2019

Company	Note	Attributable to owners of the Company		Total equity RM'000
		Non-distributable	Distributable	
		Share capital RM'000	Retained earnings RM'000	
<b>At 1 January 2018</b>		156,187	61,018	217,205
Profit and total comprehensive income for the year		-	1,769	1,769
Dividends to owners of the Company	26	-	(5,790)	(5,790)
<b>At 31 December 2018/1 January 2019</b>		156,187	56,997	213,184
Loss and total comprehensive loss for the year		-	(30,903)	(30,903)
Dividends to owners of the Company	26	-	(11,579)	(11,579)
<b>At 31 December 2019</b>		156,187	14,515	170,702

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Cash Flows

For the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(14,198)	4,971	(30,860)	1,786
<i>Adjustments for:</i>					
Amortisation of intangible asset	6	3,959	4,175	-	-
Depreciation of:					
- property, plant and equipment	3	46,164	40,993	131	134
- right-of-use assets	4	2,374	-	-	-
- investment property	5	9	586	-	-
Dividend income		-	-	(10,549)	(19,843)
Gain on disposal on:					
- property, plant and equipment		(34)	(54)	-	-
- investment property		-	(23,472)	-	-
Property, plant and equipment written off		39	2	3	2
Inventories written off		1,188	3,704	-	-
Allowance for inventories obsolescence		42	365	-	-
Write down of inventories to net realisable value		190	771	-	-
Reversal of write down of inventories		-	(1,422)	-	-
Finance costs		8,067	9,281	1,072	802
Interest expense on lease liabilities		1,342	-	10	-
Finance income	20	(659)	(3,030)	(4,623)	(4,547)
Retirement benefits provided		-	115	-	100
Redundancy paid		421	149	-	-
Provision for:					
- annual leaves		(106)	87	(106)	100
- long-service leave		622	688	-	-
Impairment of:					
- receivables		-	6,770	-	-
- property, plant and equipment		9,160	-	-	-
- investment in a subsidiary		-	-	40,776	22,256
Reversal of impairment of receivables		(209)	-	-	-
Share of loss of equity-accounted joint venture, net of tax		1,255	1,664	-	-
Unrealised (gain)/loss on foreign exchange differences		(145)	(4,299)	2,305	(3,985)
<b>Operating profit/(loss) before changes in working capital</b>		59,481	42,044	(1,841)	(3,195)

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Cash Flows

For the year ended 31 December 2019  
cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b> (continued)					
Changes in working capital:					
Inventories		11,796	(24,344)	-	-
Trade and other receivables		(6,047)	9,174	(1,158)	3,769
Trade and other payables		93	(9,444)	(108)	335
Change in contract assets		5,437	14,121	-	-
Change in contract liabilities		4,087	-	-	-
<b>Cash generated from/(used in) operations</b>		<b>74,847</b>	<b>31,551</b>	<b>(3,107)</b>	<b>909</b>
Dividend received		-	-	1,599	19,843
Interest received		659	3,030	4,623	4,547
Interest paid on lease liabilities		(1,342)	-	(10)	-
Employee benefits used		(406)	(467)	-	-
Income tax paid		(1,693)	(1,837)	(43)	(17)
<b>Net cash from operating activities</b>		<b>72,065</b>	<b>32,277</b>	<b>3,062</b>	<b>25,282</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(32,455)	(55,118)	(8)	(11)
Additions to:					
- investment in a subsidiary		-	-	(10,977)	(23,355)
- investment in joint venture	(ii)	(1,000)	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		39	2,012	2	-
- investment properties		-	65,266	-	-
Change in pledged deposits		115	(3)	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(33,301)</b>	<b>12,157</b>	<b>(10,983)</b>	<b>(23,366)</b>

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Cash Flows

For the year ended 31 December 2019

cont'd

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>					
Proceeds from loans and borrowings		143,613	176,237	-	700
Dividends paid to:					
- owners of the Company	26	(11,579)	(5,790)	(11,579)	(5,790)
- non-controlling interest		(1,536)	(2,461)	-	-
Interest paid		(8,067)	(9,281)	(1,082)	(802)
Repayment of loans and borrowings		(174,427)	(173,453)	(3,700)	(60)
Repayment of lease liabilities		(1,771)	-	(53)	-
Advance from subsidiaries		-	-	1,017	32,832
Advance from/(Repayment to) ultimate holding corporation		3,427	(22,802)	1	(3,803)
<b>Net cash (used in)/from financing activities</b>		<b>(50,340)</b>	<b>(37,550)</b>	<b>(15,396)</b>	<b>23,077</b>
Net (decrease)/increase in cash and cash equivalents		(11,576)	6,884	(23,317)	24,993
Effect of exchange rate fluctuations on cash held		(1,685)	9,050	-	-
Cash and cash equivalents at 1 January		48,865	32,931	28,581	3,588
<b>Cash and cash equivalents at 31 December</b>	(i)	<b>35,604</b>	<b>48,865</b>	<b>5,264</b>	<b>28,581</b>

### 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 statement of financial position amounts:

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	13	32,580	20,843	2,359	559
Deposits with licensed banks	13	3,024	28,137	2,905	28,022
		35,604	48,980	5,264	28,581
Less: Deposits pledged	13	-	(115)	-	-
		35,604	48,865	5,264	28,581

The notes on pages 78 to 160 are an integral part of these financial statements

## Statements of Cash Flows

For the year ended 31 December 2019  
cont'd

(ii) Additions to investment in joint venture

During the year, there was an additional investment of 1,000,000 ordinary shares in Lum Chang Tien Wah Property Sdn. Bhd. ("LCTW") for a total consideration of RM1,000,000.

(iii) Dividend income

Dividend income amounting to RM10,549,000 (2018: RM19,843,000) was settled by way of set off against the balances owing to a subsidiary of RM 8,950,000 (2018 : RM NIL) and the balance of RM1,599,000 (2018 : RM19,843,000) was paid in cash.

(iv) Cash outflows for leases as a lessee

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
<b>Included in net cash from operating activities:</b>					
Payment relating to:					
- short-term leases	21	1,999	-	165	-
- leases of low-value assets	21	15	-	15	-
Interest expenses on lease liabilities	20	1,342	-	10	-
<b>Included in net cash from financing activities:</b>					
Payment of lease liabilities		1,771	-	53	-
<b>Total cash outflows for leases</b>		<b>5,127</b>	<b>-</b>	<b>243</b>	<b>-</b>

## 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

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

### Principal place of business

9 & 11, Jalan Prof. Khoo Kay Kim  
PJS 13, 46200 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"), and the Group's interest in joint ventures.

The Company is principally engaged in investment holding, whilst the principal activities of the other Group entities are stated in Note 7 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 8 May 2020.

## 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, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020*

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

#### *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 annual periods beginning on or after 1 January 2022*

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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

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

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

- from the annual period beginning on 1 January 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020.
- from the annual period beginning on 1 January 2022 for the amendment that is effective for annual periods beginning on or after 1 January 2022.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

# Notes to the Financial Statements

cont'd

## 1. BASIS OF PREPARATION (continued)

### (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.

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 follows:

- Note 4- extension options and incremental borrowing rate in relation to leases
- Note 6- measurement of the recoverable amounts of cash-generating units

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 6 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 periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there is a change to the accounting policy applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impact arising from the change is disclosed in Note 35.

### (a) Basis of consolidation

#### (i) Subsidiaries

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

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (i) Subsidiaries (continued)

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

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

##### (ii) Business combinations

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

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

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

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

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

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

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

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

##### (iv) Acquisitions from entities under common control

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 or loss is recognised directly in equity.

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### (v) Loss of control

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

##### (vi) 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.

##### (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.

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (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.

##### (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.

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments

##### (i) Recognition and initial measurement

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

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

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

###### *Financial assets*

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

###### (a) *Amortised cost*

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

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

###### (b) *Fair value through profit or loss*

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

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

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(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*

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

##### (a) *Fair value through profit or loss*

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

##### (b) *Amortised cost*

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

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

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Financial instruments (continued)

##### (iii) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedge item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

##### 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 the 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 transferred, or control of the asset is not retained or substantially all of the 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

##### (v) Offsetting

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

#### (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

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### 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 – 70 years
• Plant and machineries	Between	3 – 15 years
• Motor vehicles	Between	5 – 10 years
• Furniture, fittings and office equipment	Between	3 – 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

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases

The Group has applied MFRS16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

#### Current financial year

##### (i) Definition of a lease

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

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

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

##### (ii) Recognition and initial measurement

###### (a) As a lessee

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

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

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases (continued)

##### Current financial year (continued)

#### (ii) Recognition and initial measurement (continued)

##### (a) *As a lessee* (continued)

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

##### (b) *As a lessor*

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

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

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

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

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases (continued)

##### Current financial year (continued)

#### (iii) Subsequent measurement

##### (a) As a lessee

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

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

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

##### (b) As a lessor

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

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, Financial Instruments (see note 2(k)(ii)).

##### Previous financial year

##### As a lessee

#### (i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Leases (continued)

##### Previous financial year (continued)

##### As a lessee (continued)

#### (i) Finance lease (continued)

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was 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 did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statement of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

#### (f) Investment property

#### (i) Investment property carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or 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.

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

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.

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (f) Investment property (continued)

##### (i) Investment property carried at cost (continued)

Freehold land is shown at historical cost and not depreciated. Depreciation on other investment properties is calculated over the depreciable amount, which is the cost of the asset, or other substituted 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 52 years (2018: 52 years). Rental income from investment properties is accounted for in the manner described in Note 2(p)(iii).

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

#### (g) Intangible assets

##### (i) Goodwill

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

##### (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.

## Notes to the Financial Statements

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Inventories (continued)

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.

#### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial instruments* (see Note 2(k)(i)).

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

#### (j) Cash and bank balances

Cash and bank balances 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.

#### (k) Impairment

##### (i) Financial assets

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

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

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

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

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

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Impairment (continued)

##### (i) Financial assets (continued)

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

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

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

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax assets, assets arising from employee benefits and investment property measured at fair value and current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated 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.

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (k) Impairment (continued)

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

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.

#### (l) Equity instruments

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

##### Ordinary shares

Ordinary shares are classified as equity.

##### Issue expense

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

#### (m) 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

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (m) 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.

Remeasurements 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.

#### (n) 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.

#### (o) 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

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (p) Revenue and other income

##### (i) Revenue

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

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

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

##### (ii) Dividend income

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

##### (iii) Rental income

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

##### (iv) Interest income

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

#### (q) 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.

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Borrowing costs (continued)

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.

#### (r) Income tax

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

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

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

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

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

#### (s) 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.

#### (t) Operating segments

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

## Notes to the Financial Statements

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (u) Fair value measurement

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

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

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

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : unobservable inputs for the asset or liability.

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

## Notes to the Financial Statements

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### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land RM'000	Leasehold 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
<i>Cost</i>								
At 1 January 2018		4,275	26,010	395,767	1,394	18,626	27,281	473,353
Additions		-	6,020	44,070	-	955	4,073	55,118
Disposals		-	-	(4,643)	(113)	(415)	-	(5,171)
Write off		-	-	-	-	(5)	-	(5)
Transfer to investment properties		-	(445)	-	-	-	-	(445)
Reclassification		-	2,449	22,888	-	1,425	(26,762)	-
Effect of movements in exchange rates		98	352	2,758	(3)	(332)	582	3,455
At 31 December 2018/ 1 January 2019		4,373	34,386	460,840	1,278	20,254	5,174	526,305
Additions		-	149	28,080	71	2,049	2,106	32,455
Disposals		-	-	(35)	-	(69)	-	(104)
Write off		-	-	(7,426)	-	(7,263)	-	(14,689)
Reclassification		-	979	2,921	-	184	(4,084)	-
Effect of movements in exchange rates		(67)	(66)	(1,956)	1	4	(64)	(2,148)
At 31 December 2019		4,306	35,448	482,424	1,350	15,159	3,132	541,819

## Notes to the Financial Statements

cont'd

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

Group	Note	Land RM'000	Leasehold 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
<i>Accumulated depreciation and impairment loss</i>								
At 1 January 2018		1,163	3,201	204,505	674	14,802	-	224,345
Charge for the year		110	1,521	38,278	186	898	-	40,993
Disposals		-	-	(2,699)	(113)	(401)	-	(3,213)
Write off		-	-	-	-	(3)	-	(3)
Transfer to investment properties		-	(61)	-	-	-	-	(61)
Reclassification		-	-	(10)	-	10	-	-
Effect of movements in exchange rates		28	121	2,344	4	(100)	-	2,397
At 31 December 2018/ 1 January 2019		1,301	4,782	242,418	751	15,206	-	264,458
Charge for the year		113	1,752	42,877	198	1,224	-	46,164
Impairment loss		-	4,546	3,134	-	-	1,480	9,160
Disposals		-	-	(35)	-	(64)	-	(99)
Write off		-	-	(7,405)	-	(7,245)	-	(14,650)
Effect of movements in exchange rates		(20)	(82)	(1,662)	(1)	(48)	-	(1,813)
At 31 December 2019		1,394	10,998	279,327	948	9,073	1,480	303,220
<i>Carrying amounts</i>								
At 1 January 2018		3,112	22,809	191,262	720	3,824	27,281	249,008
At 31 December 2018		3,072	29,604	218,422	527	5,048	5,174	261,847
At 31 December 2019		2,912	24,450	203,097	402	6,086	1,652	238,599

## Notes to the Financial Statements

cont'd

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

<b>Company</b>	<b>Furniture, fittings and office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<i>Cost</i>			
At 1 January 2018	279	405	684
Additions	11	-	11
Write off	(5)	-	(5)
At 31 December 2018/1 January 2019	285	405	690
Additions	8	-	8
Disposals	(8)	-	(8)
Write off	(7)	-	(7)
At 31 December 2019	278	405	683
<i>Accumulated depreciation</i>			
At 1 January 2018	125	21	146
Charge for the year	53	81	134
Write off	(3)	-	(3)
At 31 December 2018/1 January 2019	175	102	277
Charge for the year	50	81	131
Disposals	(6)	-	(6)
Write off	(4)	-	(4)
At 31 December 2019	215	183	398
<i>Carrying amounts</i>			
At 1 January 2018	154	384	538
At 31 December 2018	110	303	413
At 31 December 2019	63	222	285

## Notes to the Financial Statements

cont'd

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

#### 3.1 Leased assets

At 31 December 2019, the net carrying amounts of leased motor vehicle of the Group amounting to RM222,115 (2018: RM303,263) and the Company amounting to RM222,115 (2018: RM303,263) were under lease liability arrangements (see Note 17).

#### 3.2 Security

Certain property, plant and equipment of a subsidiary with a total carrying amount of RM22,830,000 (2018: RM23,528,000) as at end of the financial year were charged to a bank as security for loans and borrowings. See Note 17 to the financial statements.

#### 3.3 Impairment loss

The Group engaged independent valuers to perform valuations on the property, plant and equipment ("PPE") with carrying amount of RM47,902,000 as at 31 December 2019 in a foreign subsidiary because impairment indicators existed. The independent valuers had issued their valuation reports on 1 March 2020 and 12 March 2020 respectively and estimated the fair value of PPE in the foreign subsidiary to be RM38,742,000, which is lower than the carrying amount of the PPE in the foreign subsidiary as at 31 December 2019. Accordingly, an impairment loss of RM9,160,000 has been recognised for the financial year ended 31 December 2019.

### 4. RIGHT-OF-USE ASSETS

Group	Note	Land and buildings RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
<i>Cost</i>					
At 1 January 2019		14,961	60	-	15,021
Addition		4,042	357	166	4,565
Effect of movement in exchange rates		165	2	-	167
At 31 December 2019		19,168	419	166	19,753
<i>Accumulated depreciation</i>					
At 1 January 2019		-	-	-	-
Depreciation		2,264	76	34	2,374
Effect of movement in exchange rates		(6)	(1)	-	(7)
At 31 December 2019		2,258	75	34	2,367
<i>Carrying amount</i>					
At 31 December 2019		16,910	344	132	17,386

## Notes to the Financial Statements

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### 4. RIGHT-OF-USE ASSETS (continued)

The Group has adopted MFRS 16 Leases and applied this standard retrospectively during the financial year and the comparatives are not restated.

The Group leases a number of land and buildings, warehouses and factory equipment that run between 4 to 20 years (2018: 4 to 20 years) with renewal option included in the agreements. Lease payments are increased every one year to five years to reflect current market rentals.

#### 4.1 Restriction imposed by lease

The lease contracts for land and warehouse restrict the Group's ability to sublease the lease assets in the respective contracts.

#### 4.2 Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 5. INVESTMENT PROPERTIES

	Note	Group 2019 RM'000	Group 2018 RM'000
<i>Cost</i>			
At 1 January		445	49,620
Disposal	5.1	-	(48,092)
Transfer from property, plant and equipment		-	445
Effect of movement in exchange rates		-	(1,528)
At 31 December		445	445
<i>Accumulated depreciation</i>			
At 1 January		68	6,169
Charge for the year		9	586
Disposal	5.1	-	(6,298)
Transfer from property, plant and equipment		-	61
Effect of movement in exchange rates		-	(450)
At 31 December		77	68
<i>Carrying amount</i>			
At 31 December		368	377

## Notes to the Financial Statements

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### 5. INVESTMENT PROPERTIES (continued)

#### 5.1 Disposal

On 19 November 2018, the Group had completed the Sale and Purchase Agreement with a third party CEA Property Pty Ltd ("CEA") to dispose of the investment properties in Australia at a total cash consideration of AUD22,018,888 (equivalent to RM65,266,000).

The following are recognised in profit or loss:

	Group	
	2019	2018
	RM'000	RM'000
Rental income	-	939
Direct operating expenses:		
- income generating investment properties	5	1,548
- non-income generating investment properties	15	8

#### Fair value information

The fair values of investment properties are categorised as follows:

	2019	2018
	RM'000	RM'000
<b>Group</b>		
Residential quarters	773	770

#### 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 significant unobservable inputs used in the valuation models.

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).
Sales comparison approach: Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.	Price per square foot: (2019: RM 469, 2018: RM467)	The estimated fair value would increase (decrease) if the price per square foot is higher (lower).

## Notes to the Financial Statements

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### 6. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Contract value RM'000	Total RM'000
<i>Cost</i>				
At 1 January 2018		66,810	56,831	123,641
Effect of movements in exchange rates		923	1,012	1,935
At 31 December 2018/1 January 2019		67,733	57,843	125,576
Effect of movements in exchange rates		(626)	(694)	(1,320)
At 31 December 2019		67,107	57,149	124,256
<i>Amortisation</i>				
As at 1 January 2018		-	43,463	43,463
Amortisation for the year		-	4,175	4,175
Effect of movements in exchange rates		-	877	877
At 31 December 2018/1 January 2019		-	48,515	48,515
Amortisation for the year		-	3,959	3,959
Effect of movements in exchange rates		-	(630)	(630)
At 31 December 2019		-	51,844	51,844
<i>Carrying amounts</i>				
At 1 January 2018		66,810	13,368	80,178
At 31 December 2018/1 January 2019		67,733	9,328	77,061
At 31 December 2019		67,107	5,305	72,412

#### 6.1 Amortisation

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

#### 6.2 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.

## Notes to the Financial Statements

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### 6. INTANGIBLE ASSETS (continued)

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

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

	Note	Group	
		2019	2018
		RM'000	RM'000
<i>Goodwill</i>	6.2.1	67,107	67,733
<i>Contract Value</i>			
Max Ease International Limited	6.2.2	-	1,612
PT Bintang Pesona Jagat	6.2.3	5,305	7,716
		5,305	9,328
		72,412	77,061

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

6.2.1 Value in use in respect of GCGU 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 1 year (2018: 1 year) base financial budget approved by the Board of Directors in November 2019.
- 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, Malaysia and Indonesia; and
  - zero tax rate for a subsidiary in Hong Kong, given current incentives enjoyed by that subsidiary which is zero-tax on export sales.

## Notes to the Financial Statements

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### 6. INTANGIBLE ASSETS (continued)

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

6.2.1 Value in use in respect of GCGU 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: (continued)

- v) An anticipated revenue growth rate of 18%, 3%, 3%, 3% and 3% in 2020, 2021, 2022, 2023 and 2024 respectively and thereafter growth based on inflation rate ranged from 2% to 3% was used in the cash flows (2018: 31%, 10%, 6%, 3% and 3% in 2019, 2020, 2021, 2022, and 2023 respectively and thereafter zero growth was used in cash flows).

The management and directors of the Group have been liaising closely with the main customer, British American Tobacco ("BAT") on the forecast for 2020 in particular for the Group to cater for its production planning. To date there has been no indication from BAT of changes in planned orders that may arise as a result Covid-19 pandemic.

- 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	2019	2018
Vietnam	12.1% (pre-tax : 12.6%)	12.5% (pre-tax : 13.3%)
Hong Kong	7.4% (pre-tax : 7.6%)	7.5% (pre-tax : 7.5%)
Indonesia	11.3% (pre-tax : 12.2%)	11.6% (pre-tax : 13.0%)
Malaysia	7.4% (pre-tax: 7.8%)	-

- vii) Foreign currency exchange rates remained stable.
- viii) Assumed current level of annual maintenance costs is adequate to keep the machines in good working order.
- ix) 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 upkeep expenses).
- x) 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.
- xi) The Group will be able to continue its recovery of higher wastage for low volume production runs.
- xii) The Group will enjoy continuous supply of products from its Vietnam subsidiary to MEIL.

## Notes to the Financial Statements

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### 6. INTANGIBLE ASSETS (continued)

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

6.2.2 Contract value is in relation to the exclusive rights to supply British American Tobacco's printed carton requirements in certain 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.

On 18 March 2020, Directors made an announcement that Max Ease International Ltd, a 51%-owned subsidiary of TWPH and 49%-owned by New Toyo International Holdings Ltd, the ultimate holding company, and BAT Group had on 17 March 2020 agreed to extend its current Supply Agreement for printed carton requirements in Malaysia, Singapore and Vietnam for an additional five (5) years from 1 January 2020 and expiring on 31 December 2024 for the domestic and/or export markets, subject to execution of a formal contract which is expected to be in second quarter ending 30 June 2020.

6.2.3 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 Ease 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 6.2.1.

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

### 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	98,196	98,196
Amounts due from subsidiaries	100,189	89,212
Less: Accumulated impairment loss	(63,032)	(22,256)
	135,353	165,152

## Notes to the Financial Statements

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### 7. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Effective ownership interest	
			2019 %	2018 %
Tien Wah Press (Malaya) Sdn. Bhd. ("TWPM")	Malaysia	Dormant	100	100
Tien Wah Properties Sdn. Bhd. ("TWProp")	Malaysia	Investment property holding and investment holding	100	100
Alliance Print Technologies FZE ("APTF") <sup>(+)</sup>	United Arab Emirates	Packing and packaging material manufacturing	100	100
New Toyo Investment Pte. Ltd. ("NTIV") <sup>(*)</sup>	Singapore	Investment holding	100	100
Max Ease International Limited ("MEIL") <sup>(+)</sup>	Hong Kong	Investment holding and trading of cigarette packaging boxes	51	51
<b>Subsidiary of MEIL:</b>				
i. Anzpac Services (Australia) Pty. Ltd. ("Anzpac") <sup>(*)</sup>	Australia	Dormant	51	51
ii. Max View Holdings Limited ("MVHL") <sup>(+)</sup>	Hong Kong	Investment holding	51	51
iii. PT Bintang Pesona Jagat ("BPJ") <sup>(*)</sup>	Indonesia	Printing and supplies of printing products	51	51
<b>Subsidiary of NTIV:</b>				
i. Alliance Print Technologies Co. Ltd. ("APT") <sup>(*)</sup>	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

## Notes to the Financial Statements

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### 7. INVESTMENTS IN SUBSIDIARIES (continued)

#### 7.1 Impairment on investment in a subsidiary

In the current financial year, an intercompany financing of RM100,189,000 (2018: RM 89,212,000) was reclassified as an equity instrument, which in substance is part of the Company's net investments in the subsidiaries. The intercompany financing is unsecured and subject to interest of up to 3.50% (2018: 3.50%) per annum. The settlement of these loans is neither planned nor likely to occur in the foreseeable future.

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.

The management noted an indication of impairment with respect to the investment in a subsidiary. As the Company's cost of investments was higher than the share of net assets of this subsidiary, an impairment loss of RM40,776,000 (2018: RM22,256,000) was made and recognised in "other expenses".

#### 7.2 Non-Controlling interests in subsidiaries

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

	2019	2018
	MEIL Group	MEIL Group
NCI percentage of ownership interest and voting interest	49%	49%
	RM'000	RM'000
Carrying amount of NCI	43,778	41,259
Profit allocated to NCI	4,055	9,483

## Notes to the Financial Statements

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### 7. INVESTMENTS IN SUBSIDIARIES (continued)

#### 7.2 Non-Controlling interests in subsidiaries

##### Summarised financial information before intra-group elimination

	2019	2018
	MEIL Group	MEIL Group
	RM'000	RM'000
<b>As at 31 December</b>		
Non-current assets	131,652	135,057
Current assets	127,915	130,032
Non-current liabilities	(109,325)	(110,004)
Current liabilities	(56,377)	(65,930)
Net assets	93,865	89,155
<b>Year ended 31 December</b>		
Revenue	270,368	272,258
Profit for the year	7,940	17,348
Total comprehensive income	7,845	19,073
Cash flows generated from/(used in):		
- operating activities	35,662	(9,635)
- investing activities	(4,039)	43,517
- financing activities	(17,656)	(33,067)
Net increase in cash and cash equivalents	13,967	815
Dividend paid to NCI	(1,536)	(2,461)

## Notes to the Financial Statements

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### 7. INVESTMENTS IN SUBSIDIARIES (continued)

#### 7.3 Restriction and covenants imposed by banks

	Group	
	2019	2018
	RM'000	RM'000
Cash and cash equivalents	22,175	11,153
Other assets	237,392	253,935
	259,567	265,088

The above restrictions arise from the following:

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.

### 8. INVESTMENTS IN JOINT VENTURE

#### Group

	2019			2018		
	TVDP	LCTW	Total	TVDP	LCTW	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:						
Unquoted shares	6,430	37,000	43,430	6,430	36,000	42,430
Share of post-acquisition reserves	(1,466)	(2,672)	(4,138)	(957)	(1,867)	(2,824)
Elimination of unrealised profit	-	(5,000)	(5,000)	-	(5,000)	(5,000)
	4,964	29,328	34,292	5,473	29,133	34,606

#### Company

	2019	2018
	TVDP	TVDP
	RM'000	RM'000
Unquoted shares, at cost	6,430	6,430

## Notes to the Financial Statements

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### 8. INVESTMENTS IN JOINT VENTURE (continued)

Details of the joint venture are as follows:

Name of joint venture company	Country of incorporation	Principal activities	Effective ownership interest	
			2019 %	2018 %
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

#### Summarised financial information

	2019			2018		
	TVDP RM'000	LCTW RM'000	Total RM'000	TVDP RM'000	LCTW RM'000	Total RM'000
<b>Group</b>						
<b>As at 31 December</b>						
Non-current assets	18,427	69,011	87,438	9,718	62,711	72,429
Current assets	5,406	-	5,406	5,614	5,334	10,948
Non-current liabilities	-	(60)	(60)	-	-	-
Current liabilities	(14,304)	(543)	(14,847)	(5,186)	(134)	(5,320)
Cash and cash equivalents	332	248	580	731	355	1,086
<b>Total net assets</b>	<b>9,861</b>	<b>68,656</b>	<b>78,517</b>	<b>10,877</b>	<b>68,266</b>	<b>79,143</b>
<b>Year ended 31 December</b>						
Loss/ Total comprehensive loss for the year	(898)	(1,611)	(2,509)	(1,595)	(1,569)	(3,164)
<b>Total comprehensive loss</b>	<b>(898)</b>	<b>(1,611)</b>	<b>(2,509)</b>	<b>(1,595)</b>	<b>(1,569)</b>	<b>(3,164)</b>

## Notes to the Financial Statements

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### 8. INVESTMENTS IN JOINT VENTURE (continued)

#### Summarised financial information (continued)

	2019			2018		
	TVDP RM'000	LCTW RM'000	Total RM'000	TVDP RM'000	LCTW RM'000	Total RM'000
<b>Group</b>						
<i>Year ended 31 December</i>						
(continued)						
<b>Included in the total comprehensive income are:</b>						
Revenue	12,218	-	12,218	8,926	-	8,926
Depreciation and amortisation	(2,240)	(1,385)	(3,625)	(2,507)	(1,344)	(3,851)
Interest income	1	52	53	1	26	27
Interest expense	(91)	-	(91)	(51)	(2,494)	(2,545)
Income tax expense	-	(12)	(12)	-	(6)	(6)
<b>Reconciliation of net assets to carrying amount</b>						
<i>As at 31 December</i>						
Group's share of net assets	4,931	34,328	39,259	5,439	34,133	39,572
Elimination of unrealised profit	-	(5,000)*	(5,000)*	-	(5,000)*	(5,000)*
Unrecognised share of other comprehensive loss	33	-	33	34	-	34
Carrying amount in the statement of financial position	4,964	29,328	34,292	5,473	29,133	34,606

## Notes to the Financial Statements

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### 8. INVESTMENTS IN JOINT VENTURE (continued)

Summarised financial information (continued)

	2019			2018		
	TVDP RM'000	LCTW RM'000	Total RM'000	TVDP RM'000	LCTW RM'000	Total RM'000
<b>Group</b>						
<b>Group's share of results for year ended 31 December</b>						
Group's share of loss	(449)	(806)	(1,255)	(797)	(785)	(1,582)
Group's share of unrecognised previous year loss	-	-	-	-	(82)	(82)
Group's share of unrecognised previous year other comprehensive loss	-	-	-	(379)	-	(379)
Group's share of other comprehensive (loss)/income	(244)	-	(244)	194	-	194
Group's share of total comprehensive loss	(693)	(806)	(1,499)	(982)	(867)	(1,849)

\* In the financial year ended 31 December 2019, 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 (2018: RM13.8 million) attributable to the disposal of TWProp's land in the financial year ended 31 December 2016 has only eliminated up to the extent of the Group's cost of investment of RM5 million (2018: RM5 million) in LCTW.

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

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Group</b>						
Property, plant and equipment	909	463	(2,747)	(3,181)	(1,838)	(2,718)
Provisions	785	495	-	-	785	495
Contract assets	-	-	(50)	(255)	(50)	(255)
Other items	-	534	-	-	-	534
Net tax assets/(liabilities)	1,694	1,492	(2,797)	(3,436)	(1,103)	(1,944)

## Notes to the Financial Statements

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

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

Movement in temporary differences during the year

Group	At	Recognised	Recognised	Recognised	At	Recognised	Recognised	At
	1.1.2018	in profit	in other	directly in	31.12.2018	in profit	in other	31.12.2019
	RM'000	or loss	comprehensive	equity	RM'000	or loss	comprehensive	RM'000
		(Note 24)	income			(Note 24)	income	
			(Note 22)				(Note 22)	RM'000
Property, plant and equipment	(2,020)	(842)	144	-	(2,718)	924	(44)	(1,838)
Provisions	442	180	(127)	-	495	282	8	785
Contract assets	-	(39)	7	(223)	(255)	205	-	(50)
Other items	657	(94)	(29)	-	534	(550)	16	-
	(921)	(795)	(5)	(223)	(1,944)	861	(20)	(1,103)

#### 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 unutilised business losses for Malaysian entity amounted to RM18,011,000 (2018: RM 11,538,046) up to year of assessment 2019 can be carried forward to year of assessment 2026.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	41,867	28,737	-	-
Unabsorbed capital allowances	10,065	7,397	-	-

## Notes to the Financial Statements

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### 10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables from contracts with customers	10.1	59,869	46,935	-	-
Related companies	10.1	1,796	1,032	-	-
		61,665	47,967	-	-
<b>Non-trade</b>					
Subsidiaries	10.2	-	-	27,150	26,777
Joint venture	10.3	10,888	1,106	1,124	1,106
Other receivables	10.4	8,278	17,950	6,676	6,755
Deposits		887	524	7	5
Prepayments		9,664	17,204	63	70
		91,382	84,751	35,020	34,713
<b>Non-current</b>					
Joint venture	10.3	-	1,081	-	1,081
Other receivables	10.4	4,208	6,388	-	-
		4,208	7,469	-	1,081

#### 10.1 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 (2018: 30 days to 90 days).

#### 10.2 Amount due from subsidiaries - Company

##### Current

Included in the amount due from subsidiaries are advances of RM21,495,621 (2018: RM23,012,600) which are unsecured, subject to interest of up to 4.21% (2018: 3.66%) per annum and are repayable on demand.

#### 10.3 Amounts due from joint ventures

The amounts due from joint ventures are interest free.

## Notes to the Financial Statements

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

#### 10.4 Other receivables

Included in other receivables of the Group and the Company is a deferred payment of RM6,660,000 (2018: RM6,741,000) granted to the Group's joint venture partner, Dong Nai Food Industrial Corporation ("DOFICO") following the sale of 50% interest in TVDP in 2015 which is to be settled within the next twelve months. The Group has terminated the joint venture arrangement in the previous financial year. See Note 32.1 to the financial statements.

Included in other receivables of the Group is a tax recoverable amount of RM4,208,000 (2018: RM6,388,000).

#### Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

<b>Group</b>	<b>Gross amount</b>	<b>Balance that are set off</b>	<b>Net carrying amount in the statement of financial position</b>
	<b>RM,000</b>	<b>RM,000</b>	<b>RM,000</b>
<b>2019</b>			
Other receivables	1,129	(1,129)	-
Other payables	(1,630)	1,129	(501)

Certain other receivables and other payables were set off for presentation purpose because they have enforcement right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements

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### 11. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Raw materials and consumables	71,406	85,951
Work-in-progress	2,766	1,046
Finished goods	7,262	8,075
	81,434	95,072
Carrying amount of inventories pledged as security for bank borrowings (see Note 17)	20,433	20,680
Recognised in profit or loss:		
Inventories recognised as cost of sales	318,469	305,359
Write-down to net realisable value	190	771
Allowance for inventories obsolescence	42	365
Reversal of write-down	-	(1,422)
Inventories written-off	1,188	3,704

### 12. CONTRACT WITH CUSTOMERS

#### Contract assets/(liabilities)

	Note	Group	
		2019	2018
		RM'000	RM'000
Contract assets	12.1	8,684	14,121
Contract liabilities			
- Within 1 year		(1,839)	-
- More than 1 year		(2,248)	-
	12.2	(4,087)	-

## Notes to the Financial Statements

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### 12. CONTRACT WITH CUSTOMERS (continued)

#### 12.1 Contract assets

The contract assets primarily relate to the Group's rights to consideration for work completed on supply contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

#### 12.2 Contract liabilities

The contract liabilities primarily relate to the advance consideration received from a customer which revenue is recognised over time during the term of the supply agreement. The contract liabilities are expected to be recognised as revenue over the period of 3 years.

### 13. CASH AND BANK BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	32,580	20,843	2,359	559
Deposits placed with licensed banks	3,024	28,137	2,905	28,022
	35,604	48,980	5,264	28,581

Deposits with licensed banks of the Group amounting RM Nil (2018: RM115,220) have been pledged for bank facility granted to the Group.

### 14. SHARE CAPITAL

Group and Company	Amount	Number of shares	Amount	Number of shares
	2019	2019	2018	2018
	RM'000	'000	RM'000	'000
Ordinary shares, issued and fully paid:	156,187	144,743	156,187	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.

## Notes to the Financial Statements

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### 15. RESERVES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Non-distributable:</i>					
Translation reserve	15.1	22,547	24,484	-	-
<i>Distributable:</i>					
Retained profits		113,654	145,278	14,515	56,997
		136,201	169,762	14,515	56,997

#### 15.1 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.

### 16. EMPLOYEE BENEFITS

#### Retirement benefits and other employee benefits

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total present value of unfunded obligations		2,380	1,752	473	473
Recognised liability for defined benefit obligations	16.1	2,380	1,752	473	473
Provision for annual leave		141	247	141	247
Total employee benefits		2,521	1,999	614	720
Analysed as:					
- Non-current		1,907	1,199	-	-
- Current		614	800	614	720
		2,521	1,999	614	720

## Notes to the Financial Statements

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### 16. EMPLOYEE BENEFITS (continued)

#### 16.1 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.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance at 1 January	1,752	1,221	473	373
<b>Included in profit or loss</b>				
Current service cost	622	783	-	81
Interest on obligation	-	19	-	19
Net retirement benefits expenses	622	802	-	100
<b>Other</b>				
Benefits paid/used by the plan	(31)	(254)	-	-
Effect of movements in exchange rate	37	(17)	-	-
	6	(271)	-	-
Defined benefit obligations at 31 December	2,380	1,752	473	473

## Notes to the Financial Statements

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### 17. LOANS AND BORROWINGS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>					
Term loans - secured		30,474	38,849	-	-
Term loans - unsecured		5,368	2,063	-	-
Revolving credits- secured		11,510	21,227	-	-
Finance lease liabilities	17.1	-	189	-	189
		47,352	62,328	-	189
<b>Current</b>					
Term loans - secured		9,426	9,112	-	-
Term loans - unsecured		1,788	129	-	-
Revolving credits- secured		35,893	55,266	-	3,700
Trust receipts		12,451	11,259	-	-
Finance lease liabilities	17.1	-	63	-	63
		59,558	75,829	-	3,763
		106,910	138,157	-	3,952

The information about the Group's and the Company's exposure to interest rate and foreign currency risk is disclosed in Note 28.

#### **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 (2018: 1.5 to 3.0 times) set by applicable banks to individual subsidiaries;
- (iii) Tangible net worth of APT to be maintained at not less than USD15 million (2018: USD15 million);
- (iv) Inventories of a subsidiary amounting to IDR67.5 billion (2018: USD5.0 million) are pledged to a bank; and
- (v) Current ratio of BPJ at minimum of 1.0 times (2018: 1.0 times).

## Notes to the Financial Statements

cont'd

### 17. LOANS AND BORROWINGS (continued)

#### 17.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group

	Future minimum lease payments	Interest	Present value of minimum lease payments
	2018	2018	2018
	RM'000	RM'000	RM'000
Less than one year	73	10	63
Between one and five years	200	11	189
	273	21	252

## Notes to the Financial Statements

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## 17. LOANS AND BORROWINGS (continued)

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

Group	At 1.1.2018	Net changes from financing cash flows	Foreign exchange movement	At 31.12.2018/1.1.2019	Adjustment on initial application of MFRS16	At 1.1.2019	Net changes from financing cash flows	Addition of new lease	Foreign exchange movement	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	38,696	11,469	(12)	50,153	-	50,153	(3,423)	-	326	47,056
Revolving credits	94,628	(19,503)	1,368	76,493	-	76,493	(28,561)	-	(529)	47,403
Trust receipts	375	10,878	6	11,259	-	11,259	1,170	-	22	12,451
Finance lease liabilities	312	(60)	-	252	(252)	-	-	-	-	-
Lease liabilities	-	-	-	-	15,273	15,273	(1,771)	4,512	156	18,170
<b>Total liabilities from financing activities</b>	<b>134,011</b>	<b>2,784</b>	<b>1,362</b>	<b>138,157</b>	<b>15,021</b>	<b>153,178</b>	<b>(32,585)</b>	<b>4,512</b>	<b>(25)</b>	<b>125,080</b>
<b>Company</b>										
Revolving credits	3,000	700	-	3,700	-	3,700	(3,700)	-	-	-
Finance lease liabilities	312	(60)	-	252	(252)	-	-	-	-	-
Lease liabilities	-	-	-	-	252	252	(63)	-	-	189
<b>Total liabilities from financing activities</b>	<b>3,312</b>	<b>640</b>	<b>-</b>	<b>3,952</b>	<b>-</b>	<b>3,952</b>	<b>(3,763)</b>	<b>-</b>	<b>-</b>	<b>189</b>

## Notes to the Financial Statements

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### 18. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables	18.1	56,520	50,162	-	-
Related companies	18.1	6,323	9,695	-	-
		62,843	59,857	-	-
<b>Non-trade</b>					
Other payables		4,981	10,314	59	100
Accruals		10,619	8,758	635	702
Related companies	18.2	67	64	-	-
Subsidiaries	18.3	-	-	10,140	17,700
Ultimate holding corporation	18.4	4,918	3,751	13	12
		20,585	22,887	10,847	18,514
		83,428	82,744	10,847	18,514
<b>Non-current</b>					
<b>Non-trade</b>					
Ultimate holding corporation	18.4	33,331	33,733	-	-

#### 18.1 Trade payables and amount due to related companies

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

#### 18.2 Amount due to related companies

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

#### 18.3 Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, subject to interest rate at 3.20% (2018: 5.30%) per annum and repayable on demand.

## Notes to the Financial Statements

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### 18. TRADE AND OTHER PAYABLES (continued)

#### 18.4 Amounts due to ultimate holding corporation

##### Group

The non-current amounts due to ultimate holding corporation amounting RM33,331,000 (2018: RM33,733,000) are subject to fixed interest rate at 2.75% (2018: 2.75%) per annum.

##### Company

Amounts due to ultimate holding corporation are unsecured, interest free and repayable on demand.

### 19. REVENUE

	Group	
	2019 RM'000	2018 RM'000
Revenue from contracts with customers	346,255	341,498
Rental income	-	937
<b>Total revenue</b>	<b>346,255</b>	<b>342,435</b>

	Company	
	2019 RM'000	2018 RM'000
Dividend income	10,549	19,843

#### 19.1 Timing and recognition

For contracts that meet the no alternative use and the Group has rights to payment for work performed, revenue is recognised after the manufacturing process even though it is prior to delivery of the completed finished goods.

## Notes to the Financial Statements

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### 19. REVENUE (continued)

#### 19.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Made to order printing products	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group has rights to payment for work performed	Credit period of average 60 days from invoice date	Not applicable	Not applicable	Assurance warranties are given to customers

### 20. FINANCE INCOME/(COSTS)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current				
Interest income of financial assets calculated using the effective interest method that are at amortised costs	659	3,030	4,623	4,547
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- subsidiaries	-	-	(1,057)	(408)
- trust receipts	(893)	(237)	-	-
- term loans	(3,431)	(3,434)	-	-
- revolving credits	(2,802)	(3,963)	(15)	(192)
- ultimate holding corporation	(941)	(1,633)	-	(188)
- finance lease liabilities	-	(14)	-	(14)
Interest expense on lease liabilities	(1,342)	-	(10)	-
	(9,409)	(9,281)	(1,082)	(802)
Net finance (costs)/income	(8,750)	(6,251)	3,541	3,745

## Notes to the Financial Statements

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### 21. (LOSS)/PROFIT BEFORE TAX

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(Loss)/Profit before tax is arrived at after charging:</b>					
<i>Material expenses</i>					
Amortisation of intangible assets		3,959	4,175	-	-
Auditors' remuneration:					
- Audit fees					
KPMG Malaysia		149	206	137	148
Overseas affiliates of KPMG Malaysia		264	312	-	-
Other auditors		34	56	-	-
- Non-audit fees					
KPMG Malaysia		23	23	23	23
Other auditors		1	-	-	-
Depreciation of:					
- property, plant and equipment		46,164	40,993	131	134
- right-of-use assets		2,374	-	-	-
- investment property		9	586	-	-
Property, plant and equipment written-off		39	2	3	2
Inventories written-off		1,188	3,704	-	-
Allowance for inventories obsolescence		42	365	-	-
Write down of inventories to net realisable value		190	771	-	-
Personnel expenses (including other key management personnel):					
- contributions to statutory pension funds		462	1,089	458	524
- wages, salaries and others		43,525	38,453	5,478	6,156

## Notes to the Financial Statements

cont'd

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

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(Loss)/Profit before tax is arrived at after charging:</b> (continued)					
<i>Material expenses</i> (continued)					
Expenses related to employee benefits:					
- retirement benefit provided		-	113	-	100
- provision for long term service leave		622	688	-	-
- remeasurement loss		-	2	-	-
- redundancy expense		421	149	-	-
- redundancy provision		-	-	-	-
- provision for annual leave		(106)	87	(106)	100
Total employee benefits		937	1,039	(106)	200
Rental expense of properties		-	6,259	-	-
Impairment loss on:					
- trade receivables		-	6,770	-	-
- property, plant and equipment		9,160	-	-	-
- investment in a subsidiary		-	-	40,776	22,256
Foreign exchange loss:					
- realised		772	7,916	-	1,538
- unrealised		1,954	-	2,305	-
<i>Expenses arising from leases</i>					
Expenses relating to short-term leases	30	1,999	-	165	-
Expenses relating to leases of low-value assets	30	15	-	15	-

## Notes to the Financial Statements

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

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>and after crediting:</b>					
<i>Material income</i>					
Gain on disposal of:					
- property, plant and equipment		34	54	-	-
- investment property		-	23,472	-	-
Gross dividend income from					
- unquoted subsidiaries		-	-	10,549	19,843
Reversal of allowance for:					
- write-down of inventories		-	1,422	-	-
- impairment on trade receivables		209	-	-	-
Rental income		-	937	-	-
Foreign exchange gain:					
- realised		734	-	660	-
- unrealised		2,099	4,299	-	3,985

### 22. OTHER COMPREHENSIVE (LOSS)/INCOME

Group	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
<b>2019</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	(1,963)	(20)	(1,983)
Total	(1,963)	(20)	(1,983)

## Notes to the Financial Statements

cont'd

### 22. OTHER COMPREHENSIVE (LOSS)/INCOME (continued)

Group	Before tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
2018			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations - (Loss)/Gains arising during the year	4,193	(5)	4,188
Total	4,193	(5)	4,188

### 23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Directors of the Company</b>				
- fees	300	251	300	251
- remuneration	1,460	1,447	1,460	1,447
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	473	411	473	411
	2,233	2,109	2,233	2,109
<b>Directors of the Group entities</b>				
- fees	46	50	-	-
- remuneration	2,251	2,438	-	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	760	940	-	-
Other long-term benefits	-	81	-	-
	3,057	3,509	-	-
Other key management personnel:				
- short-term employee benefits	986	950	986	949
	986	950	986	949
	6,276	6,568	3,219	3,058

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

## Notes to the Financial Statements

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### 24. TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current tax expense</b>				
Malaysian				
- current year	152	364	-	-
- prior year	-	14	-	-
	152	378	-	-
Overseas				
- current year	1,691	1,186	43	17
- prior year	764	118	-	-
	2,607	1,682	43	17
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(76)	795	-	-
Over provision in prior year	(785)	-	-	-
	(861)	795	-	-
<b>Total income tax expense</b>	<b>1,746</b>	<b>2,477</b>	<b>43</b>	<b>17</b>
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(14,198)	4,971	(30,860)	1,786
Income tax using Malaysian tax rate of 24%	(3,408)	1,193	(7,406)	429
Effect of tax rate in foreign jurisdictions	3,670	5,928	43	17
Non-deductible expenses	3,504	5,577	10,712	5,163
Effect of deferred tax asset not recognised	56	-	-	-
Effect of lower tax rates on capital gains	323	177	-	-
Tax exempt income	(1,268)	(2,215)	(3,306)	(5,592)
Reversal of previously recognised deferred tax	-	1,073	-	-
Current year losses for which no deferred tax asset was recognised	1	1,137	-	-
(Over)/Under provision in prior years	(21)	132	-	-
Utilisation of previously unrecognised tax losses	(1,111)	(10,525)	-	-
	1,746	2,477	43	17

## Notes to the Financial Statements

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### 25. LOSS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic loss per ordinary share at 31 December 2019 was based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares as follows:

	Group	
	2019	2018
Loss for the year attributable to ordinary shareholders (RM'000)	(20,045)	(6,144)
<i>Weighted average number of ordinary shares ('000)</i>		
Issued ordinary shares at 1 January/31 December	144,743	144,743
<i>Basic loss per ordinary share (sen)</i>	(13.85)	(4.24)

### 26. DIVIDENDS

	Sen per share (single-tier)	Total amount RM'000	Date of payment
<b>2019</b>			
Final 2018 ordinary	8.00	11,579	1 July 2019
<b>2018</b>			
Final 2017 ordinary	4.00	5,790	29 June 2018

On 28 February 2020, the Directors recommended a final single-tier dividends in respect of the financial year ended 31 December 2019 of 5.5 sen per ordinary share totaling RM7,960,838 to be approved by the shareholders of the Company at the forthcoming Annual General Meeting.

### 27. 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.

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.

## Notes to the Financial Statements

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### 27. OPERATING SEGMENTS (continued)

#### 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>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Reporting segment profit</b>	50,322	34,813
<i>Included in the measure of segment profit are:</i>		
Revenue from external customers	346,255	341,498
<i>Not included in the measure of reporting segment profit but provided to Board of Directors:</i>		
Depreciation and amortisation	(52,140)	(44,744)
Finance costs	(13,962)	(12,042)
Finance income	1,344	522
<b>Segment assets</b>	459,636	481,031
<i>Included in the measure of segment assets are:</i>		
Additions to non-current assets other than financial instruments and deferred tax assets	32,447	55,107
<b>Segment liabilities</b>	(396,093)	(395,763)
<i>Included in the measure of segment liabilities are:</i>		
Deferred tax liabilities and income tax payables	(583)	(1,368)

## Notes to the Financial Statements

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### 27. OPERATING SEGMENTS (continued)

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

	Group	
	2019 RM'000	2018 RM'000
<b>Profit or loss</b>		
Total profit for reporting segments	50,322	34,813
Other non-reportable segments	(34,613)	36,981
Elimination of inter-segment profits	32,604	(13,154)
Depreciation and amortisation	(52,506)	(45,754)
Finance income	(9,409)	(9,281)
Finance costs	659	3,030
Share of loss of joint venture not included in reportable segments	(1,255)	(1,664)
Consolidated (loss)/profit before tax	(14,198)	4,971

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Segment liabilities RM'000	Investments in joint ventures RM'000	Addition to non- current assets RM'000
<b>2019</b>								
Total reportable segments	346,255	(52,140)	(13,962)	1,344	459,636	(396,093)	-	32,447
Other non-reportable segments	-	(366)	(1,082)	9,113	323,467	(11,938)	34,292	8
Elimination of inter-segment transactions or balances	-	-	5,635	(9,798)	(195,372)	156,466	-	-
Consolidated total	346,255	(52,506)	(9,409)	659	587,731	(251,565)	34,292	32,455
<b>2018</b>								
Total reportable segments	341,498	(44,744)	(12,042)	522	481,031	(395,763)	-	55,107
Other non-reportable segments	937	(1,010)	(1,834)	8,154	384,274	(23,676)	34,606	11
Elimination of inter-segment transactions or balances	-	-	4,595	(5,646)	(238,028)	159,370	-	-
Consolidated total	342,435	(45,754)	(9,281)	3,030	627,277	(260,069)	34,606	55,118

## Notes to the Financial Statements

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### 27. OPERATING SEGMENTS (continued)

#### Geographical segments

The printing segment is managed on a worldwide basis, but operate manufacturing facilities and sales offices in Malaysia, Vietnam, 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 joint ventures) and deferred tax assets.

Geographical information	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Singapore	124,321	131,044	-	-
Indonesia	129,846	132,970	60,778	64,876
Korea	47,245	43,659	-	-
Australasia	11,723	10,197	1,102	2,150
Malaysia	5,310	9,556	1,220	8,373
Vietnam	2,423	1,616	156,744	158,583
Hong Kong	164	82	64,952	62,086
United Arab Emirates	14,492	7,095	43,969	43,217
Other countries	10,731	6,216	-	-
	346,255	342,435	327,665	339,285

#### Major customers

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

	2019 RM'000	2018 RM'000
All common control companies of:		
- British American Tobacco Group	283,045	297,273

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS

#### 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised at Amortised Cost ("AC").

	2019		2018	
	Carrying amount	AC	Carrying amount	AC
	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>				
<b>Group</b>				
Trade and other receivables (excluding prepayments)	85,926	85,926	75,016	75,016
Cash and bank balances	35,604	35,604	48,980	48,980
	121,530	121,530	123,996	123,996
<b>Company</b>				
Trade and other receivables (excluding prepayments)	34,957	34,957	35,724	35,724
Cash and bank balances	5,264	5,264	28,581	28,581
	40,221	40,221	64,305	64,305
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	(106,910)	(106,910)	(138,157)	(138,157)
Trade and other payables	(72,120)	(72,120)	(69,234)	(69,234)
Ultimate holding corporation	(38,249)	(38,249)	(37,484)	(37,484)
Related companies	(6,390)	(6,390)	(9,759)	(9,759)
	(223,669)	(223,669)	(254,634)	(254,634)
<b>Company</b>				
Loans and borrowings	-	-	(3,952)	(3,952)
Trade and other payables	(694)	(694)	(802)	(802)
Ultimate holding corporation	(13)	(13)	(12)	(12)
Subsidiaries	(10,140)	(10,140)	(17,700)	(17,700)
	(10,847)	(10,847)	(22,466)	(22,466)

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.2 Net gains and (losses) arising from financial instruments

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at amortised costs	766	(587)	2,978	6,994
Financial liabilities at amortised cost	(9,409)	(9,281)	(1,082)	(802)
	(8,643)	(9,868)	1,896	6,192
Reversal/(impairment) on financial assets at amortised cost receivables	209	(6,770)	-	-

#### 28.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 28.4 Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

##### Receivables and contract assets

##### *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.

At each reporting date, the Group assesses whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nevertheless, receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.4 Credit risk (continued)

##### Receivables and contract assets (continued)

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

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.

##### *Concentration of credit risk*

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

	Group	
	2019 RM'000	2018 RM'000
Singapore	20,940	11,495
Indonesia	19,869	23,571
Korea	6,487	4,793
Australasia	4,176	2,785
Malaysia	1,442	2,623
Vietnam	1,987	986
United Arab Emirates	2,010	868
Others	4,754	846
	61,665	47,967

At the end of the reporting period, there was no indication that the receivables will not be recoverable and there is one customer with balances amounting to 77.1% (2018: one customer amounting to 71%) of the Group's gross trade receivables.

##### *Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historical data has been collected, (b) current conditions and (c) the Group's view of economic conditions over expected lives of the receivables.

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.4 Credit risk (continued)

Receivables and contract assets (continued)

*Recognition and measurement of Impairment loss* (continued)

The significant portion of the Group's receivables are tobacco manufacturers. The Group assessed the risk of loss of these customers based on their past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	2019			2018		
	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross-carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>Group</b>						
Current (not past due)	51,608	-	51,608	43,661	-	43,661
1 - 30 days past due	6,567	-	6,567	3,476	-	3,476
31 - 60 days past due	1,694	-	1,694	1	-	1
61 - 90 days past due	969	-	969	456	-	456
	60,838	-	60,838	47,594	-	47,594
<b>Credit impaired</b>						
More than 90 days past due	827	-	827	373	-	373
Individually impaired	6,244	(6,244)	-	6,568	(6,568)	-
	67,909	(6,244)	61,665	54,535	(6,568)	47,967
Trade receivables	67,909	(6,244)	61,665	54,535	(6,568)	47,967
Contract assets	8,684	-	8,684	14,121	-	14,121
	76,593	(6,244)	70,349	68,656	(6,568)	62,088

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.4 Credit risk (continued)

##### Receivables and contract assets (continued)

##### *Recognition and measurement of Impairment loss* (continued)

The movement in the allowance for impairment in respect of receivables and contract assets during the year are shown below:

	Trade receivables			
	Lifetime ECL	Credit impaired	Contract assets	Total
	RM'000	RM'000	RM'000	RM'000
<b>Balance at 1 January 2018</b>				
Net measurement of loss allowance	-	6,770	-	6,770
Effect of movement in exchange rates	-	(202)	-	(202)
<b>Balance at 31 December 2018/ 1 January 2019</b>	-	6,568	-	6,568
Net measurement of loss allowance	-	(208)	-	(208)
Effect of movement in exchange rates	-	(116)	-	(116)
<b>Balance at 31 December 2019</b>	-	6,244	-	6,244

##### Cash and bank balances

The cash and bank balances are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

##### Financial guarantees

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

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM106,910,000 (2018: RM134,206,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.4 Credit risk (continued)

##### Financial guarantees (continued)

##### *Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

##### Inter-company loans and advances

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

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to service their loans and advances on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

##### *Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advances to the Company in full.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

	2019			2018		
	Gross-carrying amount	Loss allowance	Net balance	Gross-carrying amount	Loss allowance	Net balance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Low credit risk	27,150	-	27,150	26,777	-	26,777

There were no movement in the allowance for impairment in respect of subsidiaries' loans and advances during the year.

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 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.

#### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
Group	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000
<b>2019</b>							
<i>Non-derivative financial liabilities</i>							
Term loans - secured	39,900	6.88%	43,895	10,107	10,913	22,875	-
Term loans - unsecured	7,156	6.17%	7,912	1,903	2,019	3,990	-
Revolving credits - secured	47,403	3.62%	50,214	37,233	10,171	2,810	-
Trust receipts - unsecured	12,451	8.64%	13,590	13,590	-	-	-
Lease liabilities	18,170	8.18%	20,923	2,644	2,989	6,866	8,424
Trade and other payables	78,510	-	78,510	78,510	-	-	-
Ultimate holding corporation							
- interest bearing	33,331	2.75%	34,273	-	34,273	-	-
- non-interest bearing	4,918	-	4,918	4,918	-	-	-
	241,839		254,235	148,905	60,365	36,541	8,424

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 Liquidity risk (continued)

##### *Maturity analysis* (continued)

<b>Group</b>	<b>Carrying amount</b>	<b>Contractual interest rate</b>	<b>Contractual cash flows</b>	<b>Under 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>
	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2018</b>						
<i>Non-derivative financial liabilities</i>						
Term loans - secured	47,961	6.93%	53,324	9,775	11,101	32,448
Term loans - unsecured	2,192	6.58%	2,395	138	560	1,697
Revolving credits - unsecured	76,493	4.68%	81,968	57,951	10,975	13,042
Trust receipts - unsecured	11,259	4.75%	11,815	11,815	-	-
Finance lease liabilities	252	4.64%	273	66	75	132
Trade and other payables	78,993	-	78,993	78,993	-	-
Ultimate holding corporation						
- interest bearing	33,733	2.75%	34,687	-	34,687	-
- non-interest bearing	3,751	-	3,751	3,751	-	-
	254,634		267,206	162,489	57,398	47,319

## Notes to the Financial Statements

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### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.5 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>2019</b>						
<i>Non-derivative financial liabilities</i>						
Ultimate holding corporation						
- Non-interest bearing	13	-	13	13	-	-
Trade and other payables	694	-	694	694	-	-
Subsidiaries	10,140	3.20%	10,469	10,469	-	-
Lease liabilities	189	4.64%	206	69	75	62
Financial guarantees	-	-	106,910	106,910	-	-
	11,036		118,292	118,155	75	62
<b>2018</b>						
<i>Non-derivative financial liabilities</i>						
Revolving credits – unsecured						
	3,700	5.35%	3,750	3,750	-	-
Ultimate holding corporation						
- Non-interest bearing	12	-	12	12	-	-
Trade and other payables	802	-	802	802	-	-
Subsidiaries	17,700	5.30%	18,664	18,664	-	-
Finance lease liabilities	252	4.64%	273	66	75	132
Financial guarantees	-	-	134,206	134,206	-	-
	22,466		157,707	157,500	75	132

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.6 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.

##### 28.6.1 Currency risk

The Group is exposed to currency risk on sales, purchases, receivables and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Vietnamese Dong ("VND"), Australian Dollar ("AUD") and Euro ("EUR").

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

Certain subsidiaries use forward exchange contracts to hedge its foreign currency risk where necessary, the forward exchange contracts are rolled over at maturity at market rates.

##### *Exposure to foreign currency risk*

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in				
	USD	IDR'000	VND	AUD	EUR
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>2019</b>					
Trade and other receivables	66,411	27,803	5,226	3,475	-
Cash and cash bank balances	23,044	3,429	99	4,099	-
Trade and other payables	(60,362)	(25,318)	(23,134)	(99)	(12,377)
Loans and borrowings	(72,445)	(29,630)	(4,835)	-	-
<b>Net exposure</b>	<b>(43,352)</b>	<b>(23,716)</b>	<b>(22,644)</b>	<b>7,475</b>	<b>(12,377)</b>
<b>2018</b>					
Trade and other receivables	46,848	35,353	5,227	676	11,954
Cash and cash bank balances	11,926	1,432	566	4,057	-
Trade and other payables	(64,697)	(18,996)	(15,037)	(284)	(15,736)
Loans and borrowings	(93,947)	(31,737)	(1,522)	-	-
<b>Net exposure</b>	<b>(99,870)</b>	<b>(13,948)</b>	<b>(10,766)</b>	<b>4,449</b>	<b>(3,782)</b>

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.6 Market risk (continued)

##### 28.6.1 Currency risk (continued)

###### *Currency risk sensitivity analysis*

A 10% (2018: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and 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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
USD	-	-	3,295	7,590
IDR'000	-	-	1,802	1,060
VND	-	-	1,721	818
AUD	-	-	(568)	(338)
EUR	-	-	941	287

A 10% (2018: 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.

##### 28.6.2 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.

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.6 Market risk (continued)

##### 28.6.2 Interest rate risk (continued)

###### *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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	119	115	21,495	23,013
Financial liabilities	(51,501)	(33,733)	(18,552)	(26,044)
	(51,382)	(33,618)	2,943	(3,031)
<b>Floating rate instruments</b>				
Financial assets	2,905	28,022	2,905	28,022
Financial liabilities	(106,910)	(138,157)	-	(3,952)
	(104,005)	(110,135)	2,905	24,070

###### *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

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.6 Market risk (continued)

##### 28.6.2 Interest rate risk (continued)

###### *Interest rate risk sensitivity analysis* (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
	2019	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Floating rate instruments	(1,040)	1,040	(1,101)	1,101
<b>Company</b>				
Floating rate instruments	30	(30)	241	(241)

#### 28.7 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

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.7 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>2019</b>										
<b>Group</b>										
<b>Financial assets</b>										
Other receivables	-	-	-	-	-	-	4,208	4,208	4,208	4,208
<b>Financial liabilities</b>										
Bank borrowings	-	-	-	-	-	-	(106,910)	(106,910)	(106,910)	(106,910)
Lease liabilities	-	-	-	-	-	-	(16,743)	(16,743)	(16,743)	(18,170)
Ultimate holding corporation	-	-	-	-	-	-	(32,414)	(32,414)	(32,414)	(38,249)
	-	-	-	-	-	-	(151,859)	(151,859)	(151,859)	(159,121)
<b>2019</b>										
<b>Company</b>										
<b>Financial assets</b>										
Loan to subsidiaries	-	-	-	-	-	-	20,765	20,765	20,765	21,495
<b>Financial liabilities</b>										
Lease liabilities	-	-	-	-	-	-	(180)	(180)	(180)	(189)
Subsidiaries	-	-	-	-	-	-	(9,820)	(9,820)	(9,820)	(10,140)
Ultimate holding corporation	-	-	-	-	-	-	(13)	(13)	(13)	(13)
	-	-	-	-	-	-	10,752	10,752	10,752	11,153

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.7 Fair value of financial instruments (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		
2018										
Group										
Financial assets										
Other receivables	-	-	-	-	-	-	7,469	7,469	7,469	7,469
Financial liabilities										
Bank borrowings	-	-	-	-	-	-	(137,906)	(137,906)	(137,906)	(137,906)
Finance lease liabilities	-	-	-	-	-	-	(240)	(240)	(240)	(252)
Ultimate holding corporation	-	-	-	-	-	-	(32,806)	(32,806)	(32,806)	(37,484)
	-	-	-	-	-	-	(163,483)	(163,483)	(163,483)	(168,173)
Company										
Financial assets										
Loan to subsidiaries	-	-	-	-	-	-	22,256	22,256	22,256	23,013
Other receivables	-	-	-	-	-	-	1,081	1,081	1,081	1,081
Financial liabilities										
Bank borrowings	-	-	-	-	-	-	(3,700)	(3,700)	(3,700)	(3,700)
Finance lease liabilities	-	-	-	-	-	-	(240)	(240)	(240)	(252)
Subsidiaries	-	-	-	-	-	-	(16,786)	(16,786)	(16,786)	(17,700)
Ultimate holding corporation	-	-	-	-	-	-	(12)	(12)	(12)	(12)
	-	-	-	-	-	-	2,599	2,599	2,599	2,430

## Notes to the Financial Statements

cont'd

### 28. FINANCIAL INSTRUMENTS (continued)

#### 28.7 Fair value of financial instruments (continued)

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either directions).

##### 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 Group Finance Director. The Group Finance Manager regularly reviews significant unobservable inputs and valuation adjustments.

### 29. 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 17.

The debt-to-equity ratios were as follows:

	Note	Group	
		2019 RM'000	2018 RM'000
Total borrowings	17	106,910	138,157
Lease liabilities		18,170	-
Less: Cash and bank balances	13	(35,604)	(48,980)
Net debt		89,476	89,177
Total equity		336,166	367,208
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

### 30. OPERATING LEASES

Operating lease rentals are payable as follows:

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
Short-term lease	
Within one year	674
Low-value leases:	
Within one year	15
Between 1 - 5 years	10
	<hr/> 699

During the financial year, the Group has applied MFRS16, *Leases* and has elected to apply exemption for lease of premises; motor vehicle, factory equipment and office equipment that have a lease term of 12 months or less and leases of low-value assets. The lease payments are recognised as an expense on a straight-line basis over the lease term during the current financial year.

	<b>Group</b>
	<b>2018</b>
	<b>RM'000</b>
Within one year	2,389
Between one and five years	9,476
More than five years	8,802
	<hr/> 20,667

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.

## Notes to the Financial Statements

cont'd

### 31. CAPITAL AND OTHER COMMITMENTS

	Group	
	2019	2018
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	1,096	3,777

### 32. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is remote that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Company	
	2019	2018
	RM'000	RM'000
Corporate guarantees issued to banks for credit facilities granted to subsidiaries	106,910	134,206

#### 32.1 Joint Venture with TVDP

The Company had in the past 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.

## Notes to the Financial Statements

cont'd

### 32. CONTINGENCIES (continued)

#### 32.1 Joint Venture with TVDP (continued)

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 agree 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.

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 less 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. In this case, TWPH is obligated to re-purchase the Capital Contribution of DOFICO in whole.

The completion of the termination of JVA with DOFICO and acquisition of the remaining 50% shares held by DOFICO in TVDP is pending the issuance of an investment certificate by the State Authority of Vietnam.

### 33. 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.

The significant related party transactions of the Group and the Company are shown below, other than key management personnel compensation (see Note 23) and other balances relating to payable and receivable contained in Note 10 and 18.

## Notes to the Financial Statements

cont'd

### 33. RELATED PARTIES (continued)

#### Identity of related parties (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Ultimate holding corporation</b>				
Management fees expense	3,361	3,374	-	-
Interest expense	941	1,601	-	156
<b>Related companies</b>				
Sales	(3,329)	(5,177)	-	-
Purchases	10,687	12,327	-	-
Rental of warehouse expenses	170	563	-	-
Sales of scrap paper	(6,185)	(5,103)	-	-
Interest expense	-	32	-	32
Commission income	(591)	(13)	-	-
<b>Subsidiaries</b>				
Dividend income	-	-	(1,599)	(19,843)
Interest expense	-	-	1,057	409
Interest income	-	-	(4,078)	(4,115)
Administrative fees	-	-	(5,709)	(7,410)
<b>Joint Venture company</b>				
Management fees	-	(29)	-	-
Interest income	(2)	(2,494)	-	-
Sales	(241)	-	-	-
Purchases	1,871	629	-	-
Rental expenses	284	2,697	-	-

## Notes to the Financial Statements

cont'd

### 34. EVENTS SUBSEQUENT TO THE FINANCIAL YEAR END

The outbreak of COVID-19 since early 2020 has brought about uncertainties in the global economic outlook. The Group considers the COVID-19 outbreak and the related impacts as a non-adjusting event. The Group believes that these are extraordinary times which may affect the Group's operating environment and its financial position subsequent to the financial year end.

The Group is closely monitoring the development of the COVID-19 outbreak and will take necessary actions to mitigate any potential impact on the Group's businesses. Due to the evolving situation, the Group is unable to quantify the impact of COVID-19 on the Group's results for the year ending 31 December 2020.

### 35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

#### Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under MFRS 116 has been applied only to contracts entered into or changed on or after 1 January 2019.

#### As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application, if any, as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 8.47%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognised right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application and
- use hindsight when determining the lease term if the contract contains option to extend or terminate the lease

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

## Notes to the Financial Statements

cont'd

### 35. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

#### 35.1 Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period comparatives.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	20,667
Discounted using the incremental borrowing rate at 1 January 2019	14,448
Finance lease liabilities recognised at 31 December 2018	252
Recognition exemption for short-term leases and leases of low-value assets	(727)
Existing contracts at 31 December 2018 assessed to be contained a lease under MFRS 16 (net, discounted)	1,300
Lease liabilities recognised at 1 January 2019	15,273

## 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 68 to 160 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 2019 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

Singapore

Date: 8 May 2020

## Statutory Declaration

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

I, Leong Wai Ming, 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 68 to 160 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Leong Wai Ming, NRIC: 681115-10-5563, MIA: 13812, at Petaling Jaya in Selangor Darul Ehsan on 8 May 2020.

**Leong Wai Ming**

Before me:

Raymond Tan Chian Hee  
Commissioner for Oaths  
Petaling Jaya  
Selangor Darul Ehsan

# Independent Auditors' Report

To the Members of Tien Wah Press Holdings Berhad

Registration No.: 199501011233 (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 2019 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 68 to 160.

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 2019, 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.

# Independent Auditors' Report

To the Members of Tien Wah Press Holdings Berhad  
Registration No.: 199501011233 (340434-K) (Incorporated in Malaysia)  
cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

### 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.

<i>Recoverability of the carrying amount of the goodwill and contract value</i>	
<i>Refer to Note 2(g) - Significant Accounting Policies and Note 6 - 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 RM5.3 million of contract value as at 31 December 2019. 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

Registration No.: 199501011233 (340434-K) (Incorporated in Malaysia)

cont'd

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Key Audit Matters (continued)

<i>Recoverability of the carrying amount of property, plant and equipment</i>	
<i>Refer to Note 2(d) - Significant Accounting Policies and Note 3 - Property, Plant and Equipment to the financial statements.</i>	
The key audit matter	How the matter was addressed in our audit
<p>The Group has property, plant and equipment of RM239 million as at 31 December 2019. 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 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 and assessing the key assumptions used by independent valuers engaged by the Group in determining the recoverable amount of property, plant and equipment.</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>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;</li> <li>we assessed the Group's identification of assets that are surplus to the requirements of the Group operations 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> <li>we assessed the professional credentials and competency of the independent valuers;</li> <li>we assessed the appropriateness and reasonableness of the assumptions and information used by the independent valuers in their valuations performed on the PPE of a foreign subsidiary by comparing the key assumptions and information used, including comparison of market rates to external sources and rechecked the mathematical accuracy of the computations included in the valuation reports; 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>

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  
Registration No.: 199501011233 (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

Registration No.: 199501011233 (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 auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (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 discretion, 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 7 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

Petaling Jaya, Selangor

Date: 8 May 2020

**Chan Kam Chiew**  
Approval Number: 02055/06/2020 J  
Chartered Accountant

## Analysis of Shareholdings

As at 13 May 2020

Authorised Share Capital	:	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	66	2.49	1,222	0.00
100 - 1,000	295	11.13	196,962	0.13
1,001 - 10,000	1,616	60.98	6,926,840	4.79
10,001 - 100,000	604	22.79	16,721,495	11.55
100,001 - 7,237,124	67	2.53	41,811,781	28.89
7,237,125 AND ABOVE	2	0.08	79,084,200	54.64
<b>TOTAL</b>	<b>2,650</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 13 May 2020

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 shareholding in Tien Wah Holdings (1990) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

\*\* Deemed interested by virtue of its shareholding in

i) Singapore Pacific Investments Pte Ltd, its wholly-owned subsidiary; and

ii) Tien Wah Holdings (1990) Sdn Bhd via its wholly-owned subsidiary, New Toyo Lamination (M) Pte Ltd pursuant to Section 8(4) of the Companies Act 2016

# Deemed interested by virtue of his shareholding in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

## Deemed interested through shares held by her spouse, Yen Wen Hwa and her shareholdings in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

^ Deemed interested by virtue of its shareholdings in New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

## Analysis of Shareholdings

As at 13 May 2020

cont'd

### DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDING as at 13 May 2020

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

<sup>#</sup> Deemed interested by virtue of his shareholding in Yen & Son Holdings Pte Ltd and New Toyo International Holdings Ltd pursuant to Section 8(4) of the Companies Act 2016

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 13 May 2020

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	7,218,000	4.99
4 Foo Khen Ling	4,900,000	3.38
5 Ang Seng Chin	2,500,000	1.73
6 Tan Kah Hock	2,300,000	1.59
7 Ang Teow Cheng & Sons Sdn Bhd	2,000,000	1.38
8 Yap Ah Fatt	1,911,000	1.32
9 Lim Khuan Eng	1,550,000	1.07
10 Tan Kim Onm	1,474,000	1.02
11 Lim Kian Huat	807,000	0.56
12 Liew Khee Chong	800,100	0.55
13 Yong Kim Siong	781,800	0.54
14 Eu Soon Keat	760,000	0.52
15 Choo Teik Heng	749,550	0.52

## Analysis of Shareholdings

As at 13 May 2020

cont'd

### THIRTY LARGEST SHAREHOLDERS/DEPOSITORS (continued) as at 13 May 2020

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
16 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt an For OCBC Securities Private Limited (Client A/C-NR)</i>	710,951	0.49
17 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for CEKD Venture Sdn Bhd</i>	664,200	0.46
18 Lim Seng Qwee	653,020	0.45
19 Lee Kim Lewi	650,000	0.45
20 Teo Kwee Hock	530,700	0.37
21 Ang Mary	500,000	0.35
22 Ang Siang Loong	500,000	0.35
23 Eu Soon Keat	500,000	0.35
24 Maybank Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lam Sing Poh</i>	444,000	0.31
25 Reuben Tan Cherh Chung	405,000	0.28
26 Ang Civics	385,000	0.26
27 Chan Heng Koon	372,000	0.26
28 Ang Shuang Shuang	360,000	0.25
29 Ang Louise	350,000	0.24
30 Low Beng Hong	340,850	0.23
<b>TOTAL</b>	<b>114,201,371</b>	<b>78.90</b>

## Analysis of Shareholdings

As at 13 May 2020

cont'd

### BREAKDOWN OF SHAREHOLDINGS

Type of Ownership	No. of Shareholders	No. of Shares	% of Issued Capital
<b>Malaysian Individual</b>			
Bumiputra	77	221,843	0.15
Chinese	2,175	46,332,819	32.01
Indian	36	258,360	0.18
Other Races	3	21,850	0.02
<b>Subtotal</b>	<b>2,291</b>	<b>46,834,872</b>	<b>32.36</b>
<b>Malaysian Corporate</b>			
Bumiputra	1	100	0.00
Non-Bumiputra	37	11,540,640	7.97
<b>Subtotal</b>	<b>38</b>	<b>11,540,640</b>	<b>7.97</b>
<b>Foreign Individual</b>			
China	2	69,000	0.05
India	1	500	0.00
Singapore	18	1,074,750	0.74
United States of America	1	3,000	0.00
Permanent Resident of Malaysia	7	28,800	0.02
<b>Subtotal</b>	<b>29</b>	<b>1,176,050</b>	<b>0.81</b>
<b>Foreign Corporate</b>			
Singapore	1	43,688,700	30.18
Others	2	35,410,800	24.47
<b>Subtotal</b>	<b>3</b>	<b>79,099,500</b>	<b>54.65</b>
<b>Nominee Company</b>			
Malaysian Bumiputra Beneficiaries	141	3,544,140	2.45
Malaysian Non-Bumiputra Beneficiaries	135	1,575,943	1.09
Foreign Beneficiaries	12	971,352	0.67
<b>Subtotal</b>	<b>288</b>	<b>6,091,435</b>	<b>4.21</b>
<b>Others</b>			
Others	1	3	0.00
<b>Subtotal</b>	<b>1</b>	<b>3</b>	<b>0.00</b>
<b>GRAND TOTAL</b>	<b>2,650</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 2019 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 2019 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	16 Years/ 05-08-2036	Office/Factory bearing address Plot No. S30605 Jafza South, Jebel Ali, Dubai, United Arab Emirates	9,068	4 years	19-05-2016
Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,658/ 1,374	54 Years/ 22-07-2074	Residential quarters bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan, Malaysia	391	44 years	30-08-2004
PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,650/ 1,840	43 Years/ 10-01-2063	Residential quarters bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan, Malaysia	368	48 years	17-04-2006
Lot 307, 308, 309 Vietnam – Singapore Industrial Park	Leasehold	401,280/ 119,090	34 Years/ 08-08-2054	Office/Factory bearing address 38 Huu Nghi Street, Vietnam – Singapore Industrial Park, Vietnam	10,707	14 years	29-06-2006

## Administrative Details

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

<b>Date</b>	: Friday, 3 July 2020
<b>Time</b>	: 10.00 a.m.
<b>Venue</b>	: <b>Tien Wah Press Holdings Berhad</b> Level 3, Conference Room, 9 & 11, Jalan Prof. Khoo Kay Kim, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia

### MODE OF MEETING

In view of the COVID-19 pandemic and as part of the safety measures of shareholders, the Twenty-Fifth Annual General Meeting ("25th AGM") of the Company will be conducted fully virtual through live streaming from the Broadcast Venue using online REMOTE PARTICIPATION AND VOTING ("RPV") facilities. This is in line with the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers released by the Securities Commission Malaysia on 18 April 2020 and updated on 14 May 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the general meeting to be present at the main venue of the meeting. Shareholders/Proxies/Corporate Representatives/Attorneys **WILL NOT BE ALLOWED** to be physically present in person at the Broadcast Venue on the day of the 25th AGM.

### RPV FACILITIES

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM using RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. [Registration No. 197101000970 (11324-H)] ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV facilities at the 25th AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Wednesday, 1 July 2020 at 10.00 a.m.**

For appointment of corporate representatives of corporate members or appointment of Attorneys to participate via RPV facilities at the 25th AGM, the following original documents must be deposited to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than **Wednesday, 1 July 2020 at 10.00 a.m.**:

- i) The original certificate of appointment of corporate representative; or
- ii) The power of attorney.

**A shareholder who has appointed proxy(ies) or attorney(s) or corporate representative(s) to participate at this 25th AGM via RPV facilities must request his/her proxy(ies) or attorney(s) or corporate representative(s) to register himself/herself for RPV facilities at TIIH Online website at <https://tiih.online>.**

In view that the 25th AGM is a fully virtual Annual General Meeting, shareholders who are unable to participate in this 25th AGM may appoint proxy or the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

## Administrative Details

for Tien Wah Press Holdings Berhad's  
**Twenty-Fifth Annual General Meeting**  
cont'd

### PROCEDURES FOR RPV FACILITIES

Shareholders/proxies/corporate representatives/attorneys who wish to participate in the 25th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarized below:

	Procedure	Action
<b>BEFORE THE 25th AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tjih.online">https://tjih.online</a>. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b)	Submit your registration for RPV facilities	<ul style="list-style-type: none"> <li><b>Registration is open from 10.00 a.m. on Thursday, 11 June 2020 up to 10.00 a.m. on Wednesday, 1 July 2020.</b></li> <li>Login with your user ID and password and select the corporate event: "<b>(REGISTRATION) TWPH 25th AGM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the General Meeting's Record of Depositors as at <b>26 June 2020</b>, the system will send you an e-mail to approve or reject your registration for remote participation.</li> </ul>
<b>ON THE DAY OF THE 25th AGM</b>		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 25th AGM at any time from <b>9.30 a.m.</b> i.e. 30 minutes before the commencement of the 25th AGM on <b>Friday, 3 July 2020 at 10.00 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: "<b>(LIVE STREAM MEETING) TWPH 25th AGM</b>" to engage in the proceedings of the 25th AGM remotely.</li> <li>If you have any question for the Board/Management, you may use the query box to transmit your question, details as provided under the section "Pre-Meeting Submission of Questions to the Board of Directors (the "<b>Board</b>)".</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.15 a.m. on Friday, 3 July 2020</b> until a time when the Chairman announces the completion of the voting session of the 25th AGM.</li> <li>Select the corporate event: "<b>(REMOTE VOTING) TWPH 25th AGM</b>".</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> <li>The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the 25th AGM, the live streaming will end.</li> </ul>

## Administrative Details

for Tien Wah Press Holdings Berhad's  
**Twenty-Fifth Annual General Meeting**  
cont'd

### Note to users of the RPV facilities:

1. Should your registration for RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### PROXY

If you are unable to participate in the meeting via RPV facilities on Friday, 3 July 2020, you may appoint proxy or the Chairman of the meeting as your proxy and indicate the voting instructions in the Proxy Form.

You may submit your proxy form to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the 25th AGM, i.e. no later than **Wednesday, 1 July 2020 at 10.00 a.m** or any adjournment thereof, otherwise the proxy form shall not be treated as valid.

You may also submit the proxy form electronically via **TIIH Online** website at <https://tiih.online> no later than the aforementioned date and time. Please read and follow the procedures below for submission of proxy form electronically.

### ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
a.	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your electronic device, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
b.	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• After the release of the Notice of 25th AGM by the Company, login with your username (i.e. email address) and password.</li> <li>• Select the corporate event: "Submission of Proxy Form".</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print proxy form for your record.</li> </ul>



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2. **Proxy**
- A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. However, since the 25th AGM will be conducted via a full virtual meeting, individual shareholders are strongly encouraged to participate remotely in the 25th AGM by registering yourself at <https://tjih.online>.
  - A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991) entitled to attend and vote at the meeting is entitled to appoint a maximum of two (2) proxies to attend, participate, speak and vote on his/her behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
  - Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
  - In line with the Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, released by Securities Commission Malaysia on 18 April 2020 and updated on 14 May 2020, if a member of the Company entitled to attend and vote at a meeting of the Company is not able to participate in the 25th AGM via RPV facilities on Friday, 3 July 2020, the Member is strongly encouraged to appoint the Chairman of the Meeting as his/her Proxy and indicate the voting instructions in the instrument appointing a Proxy (Proxy Form).
  - Where a member 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.
  - The Proxy Form shall be signed by the appointer of his/her attorney duly authorised in writing or, if the member is a corporation, must be executed under its Common Seal or by its duly authorised attorney or officer.
  - 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 Share Registrar's Office of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, **alternatively the same may also be submitted electronically ("e-proxy")**, via TIH Online at website <https://tjih.online>, not less than forty-eight (48) hours before the time set for holding the AGM or any adjournment thereof.
3. **Voting**
- 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 25th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the poll via e-voting process and to verify the poll results. **Please refer to the voting procedure as specified in the Administrative Details for the 25th AGM.**
  - For the purpose of determining a member who shall be entitled to attend this 25th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clauses 67 and 68 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 26 June 2020. Only a depositor whose name appears on the Record of Depositors as at 26 June 2020 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 25th AGM dated 11 June 2020.

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AFFIX  
STAMP

THE SHARE REGISTRAR

**TIEN WAH PRESS HOLDINGS BERHAD**

C/O 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  
WILAYAH PERSEKUTUAN  
MALAYSIA

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**TIEN WAH PRESS HOLDINGS BERHAD**  
[Registration No.: 199501011233 (340434-K)]

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