

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

ANNUAL REPORT 2020



Moving Forward To A New Future

HIGHLIGHTS OF THE YEAR

	Year Ended 31.12.20 RM million	Year Ended 31.12.19 RM million	Increase/ (Decrease) %
Revenue	277.4	346.3	(19.9)
Profit before tax	3.8	(14.2)	126.8
Profit for the year	2.8	(15.9)	117.6
Profit attributable to owners of the Company	(1.2)	(20.0)	94.0
Total equity attributable to owners of the Company	281.3	292.4	(3.8)
Return on shareholders' funds (%)	(0.4)	(6.9)	94.2
Net earnings per share (sen)	(0.81)	(13.85)	94.2
Net dividends per share (sen)	5.5	5.5	-

FINANCIAL CALENDAR

FINANCIAL YEAR 2020

1 January to 31 December

ANNOUNCEMENT OF RESULTS

Unaudited consolidated results for the First quarter ended 31 March 2020	26 June 2020
Unaudited consolidated results for the Second quarter ended 30 June 2020	12 August 2020
Unaudited consolidated results for the Third quarter ended 30 September 2020	30 November 2020
Unaudited consolidated results for the Fourth quarter ended 31 December 2020	31 March 2021

DIVIDEND

Proposed Final Single-Tier Dividend of 5.50 sen per ordinary share

Date of entitlement	8 July 2021
Date payable	30 July 2021

ANNUAL REPORT AND ANNUAL GENERAL MEETING

2020 Annual Report Date of issuance	28 May 2021
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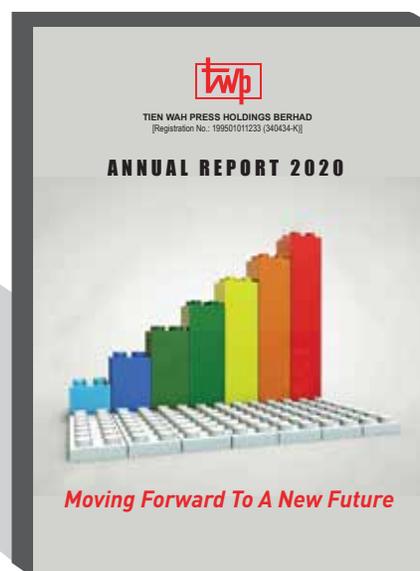
26th Annual General Meeting

Date of notice	28 May 2021
Date of meeting	28 June 2021

COVER RATIONALE

Moving Forward To A New Future

***Embracing adversity
to scale greater heights
on the foundation of
over 50 years of solid
track record***



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Proxy Form

CORPORATE VISION

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

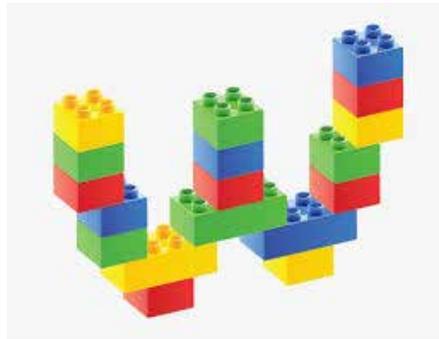
CORPORATE MISSION STATEMENT

To maximise Stakeholders Value through:-

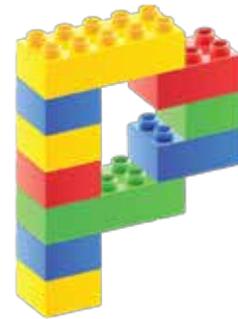
- Focusing on the continuous improvement in the provision of solutions and operational excellence to help serve our customers' needs better and to grow together
- Conducting our business in a healthy and safe environment and in compliance to the law
- Cultivating a culture of achievements
- Continuous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



**Total Quality
Management
through**



**Working as a
Team to achieve**



**Profitability &
Productivity**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting (“26th AGM”) of the Company will be conducted entirely on a virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice:

Meeting Date	: Monday, 28 June 2021
Time	: 10.00 a.m.
Meeting Platform	: https://web.vote2u.app
Broadcast Venue	: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Mode of Communication	: 1) Submit questions to the Board prior to the 26th AGM by emailing to vote2u@agmostudio.com no later than 5.00 p.m. on Monday, 21 June 2021. 2) Post questions to the Board via real time submission of typed text during live streaming of 26th AGM.

AGENDA

As Ordinary Business

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 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 2020. | Ordinary Resolution 1 |
| 3. To approve the increase of Non-Executive Directors’ Fees up to an aggregate amount of RM715,000.00 per annum in respect of the financial year ending 31 December 2021 and the payment thereof. | Ordinary Resolution 2 |
| 4. To approve the increase of Benefits Payable up to an aggregate amount of RM120,000.00 to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2022, to be paid quarterly in arrears. | Ordinary Resolution 3 |
| 5. To re-elect the following Directors who are retiring under Clause 96 of the Constitution of the Company: | |
| (a) Mr Yen Wen Hwa (Ngan Tzee Manh) | Ordinary Resolution 4 |
| (b) Mr Tung Kum Hon | Ordinary Resolution 5 |
| (c) Dr Ong Eng Leng (Ong Eng Lin) | Ordinary Resolution 6 |
| (d) Mr John David Cambridge | Ordinary Resolution 7 |
| (e) Y.M. Tengku Djan Ley Bin Tengku Mahaleel | Ordinary Resolution 8 |
| 6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 9 |

As Special Business

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

NOTICE OF ANNUAL GENERAL MEETING

cont'd

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

Ordinary Resolution 10

"**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 28 May 2021 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."

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

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 26th 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 21 June 2021. Only a depositor whose name appears on the Record of Depositors as at 21 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 26th AGM, a final single-tier dividend of 5.50 sen per ordinary share in respect of the financial year ended 31 December 2020 will be paid to the shareholders on 30 July 2021. The entitlement of the said dividend shall be on 8 July 2021.

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

- (a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 8 July 2021 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)
Company Secretaries

Selangor Darul Ehsan
Date: 28 May 2021

NOTES:

1. As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities. Please follow the procedures provided in the Administrative Guide for the 26th AGM in order to register, participate and vote remotely. The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at <https://www.tienwah.com/>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from.
3. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to be physically present nor will they be admitted at the Broadcast Venue on the day of the AGM. Therefore, members are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the RPV facilities provided by the Company. **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the AGM in order to participate remotely.**
4. 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.
5. 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.
6. 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.
7. 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.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

8. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
9. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-

(i) In hard copy form

The original instrument appointing a proxy ("**Proxy Form**") must be deposited at the Registered Office of the Company at Ground Floor or 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

(ii) By electronic means

The Proxy Form can also be lodged electronically via Vote2U Online at <https://web.vote2u.app>. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.

10. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, kindly contact +603 7664 8520 / 21 or email to vote2u@agmostudio.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

Alternatively, shareholders who have registered directly with Vote2U can login to revoke the earlier appointed proxy anytime before the start of meeting.

11. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

Explanatory Notes:

1. To receive the Audited Financial Statements

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

2. Ordinary Resolution 2 on the Directors' Fees to the Non-Executive Directors for the financial year ending 31 December 2021

Following the re-designation of Mr Yen Wen Hwa (Ngan Tzee Manh) from Executive Chairman to Non-Independent Non-Executive Chairman on 1 January 2021 and the Remuneration Committee ("RC") had reviewed the revision of the Directors' Fees for the financial year ending 31 December 2021. Based on the recommendation from the RC, the Board approved the proposed revised Directors' Fee to be tabled to the shareholders for approval at the forthcoming AGM of the Company. 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 26th AGM, approval will be sought at the next AGM for additional Directors' Fees to meet the shortfall, prior to the payment is made.

The payment of the Non-Executive Directors' Fees for the financial year ending 31 December 2021 will only be made if the proposed Ordinary Resolution 2 has been passed at the 26th AGM.

NOTICE OF ANNUAL GENERAL MEETING

cont'd

3. Ordinary Resolution 3 on the Benefits Payable to the Non-Executive Directors for the period from this AGM until the next AGM of the Company in year 2022, 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. Following the re-designation of Mr Yen Wen Hwa (Ngan Tzee Manh) from Executive Chairman to Non-Independent Non-Executive Chairman on 1 January 2021 and the RC had reviewed the revision of the Benefits Payable to the Non-Executive Directors. Based on the recommendation from the RC, the Board approved the proposed revised Benefits Payable to be tabled to the shareholders for approval at the forthcoming AGM of the Company, 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 TWP 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 26th AGM, approval will be sought at the next AGM for additional benefits to meet the shortfall, prior to the payment is made.

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 2022 to be paid quarterly in arrears will only be made if the proposed Ordinary Resolution 3 has been passed at the 26th AGM.

4. Ordinary Resolution 10 on the Proposed Shareholders' Mandate

The explanatory note on Ordinary Resolution 10 is set out in the Circular to the Shareholders on 28 May 2021.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

*Non-Independent Non-Executive Director,
Chairman*

YEN WEN HWA (NGAN TZEE MANH)

*Executive Director
Chief Executive Officer*

LEE CHEE WHYE

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
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E-mail : boardroom-kl@boardroomlimited.com

REGISTERED OFFICE

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46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
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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
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59200 Kuala Lumpur, Malaysia
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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

ERNST & YOUNG PLT
(LLP0022760-LCA & AF0039)
Chartered Accountants
Level 23A, Menara Milenium, Jalan
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Pusat Bandar Damansara,
50490 Kuala Lumpur, Malaysia.
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PRINCIPAL BANKERS

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(199401009721) (295400-W)

**UNITED OVERSEAS
BANK (MALAYSIA) BERHAD**
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PRINCIPAL OFFICES

**HEAD OFFICE TIEN WAH
PRESS HOLDINGS BERHAD**
(199501011233) (340434-K)
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Fax : +60 (3) 5031 3966
E-mail : waiming.leong@newtoyo.com
Website : www.tienwah.com

SUBSIDIARY COMPANIES

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SDN BHD**
(196001000181) (3850-D)

TIEN WAH PROPERTIES SDN BHD
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JOINTLY CONTROLLED ENTITY

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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 15 April 2021



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.

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 ("Benkert") in 1998 and Paper Base Converting Sdn Bhd ("PBC") in 1999. Benkert 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 Benkert was disposed to Benkert 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 Professor 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.

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

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 it 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

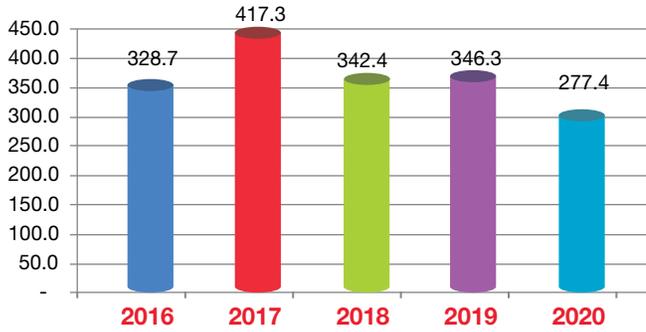
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
PROFITABILITY					
Revenue	277,394	346,255	342,435	417,309	328,704
Results from operating activities	12,017	(4,193)	12,886	(33,634)	46,840
Profit/(Loss) before tax	3,838	(14,198)	4,971	(36,970)	51,194
Profit/(Loss) for the year	2,841	(15,944)	2,494	(33,192)	52,603
(Loss)/Profit attributable to owners of the Company	(1,177)	(20,045)	(6,144)	(19,685)	64,188
Net annual dividends	7,961	7,961	11,579	8,685	17,369
KEY BALANCE SHEET DATA					
Share capital	156,187	156,187	156,187	156,187	144,743
Total equity attributable to owners of the Company	281,337	292,388	325,949	333,161	381,319
Intangible assets	73,234	72,412	77,061	80,178	91,497
Property, plant and equipment	206,731	238,599	261,847	249,008	262,936
Investment properties	360	368	377	43,451	-
Investment in joint venture	33,136	34,292	34,606	6,455	5,938
Other non-current assets	17,479	23,288	8,961	5,920	10,158
Current assets	155,684	218,772	244,425	266,387	314,085
Total assets	486,624	587,731	627,277	651,399	684,614
Non current liabilities	71,045	102,969	100,696	103,247	108,964
Current liabilities	89,982	148,596	159,373	180,754	146,661
Total liabilities	161,027	251,565	260,069	284,001	255,625
Loans and borrowings	46,918	106,910	138,157	134,011	138,161
Capital expenditure	9,639	32,455	55,118	103,790	37,630
Cash generated from operations	87,383	74,847	31,551	67,818	53,898
SHARE INFORMATION					
Gross earnings/(loss)per share (sen)	2.65	(9.81)	3.43	(25.54)	35.71
Net (loss)/earnings per share (sen)	(0.81)	(13.85)	(4.24)	(13.60)	44.77
Net assets per share (RM)	2.25	2.02	2.25	2.30	2.63
Net dividends per share (sen)	5.50	5.50	8.00	6.00	12.00
Share price as at FYE (RM)	0.92	1.11	1.12	1.54	1.76
FINANCIAL RATIOS					
Return on revenue (%)	(0.42)	(5.79)	(1.79)	(4.72)	19.53
Return on paid-up capital (%)	(0.75)	(12.83)	(3.93)	(12.60)	44.35
Return on shareholders' funds (%)	(0.42)	(6.86)	(1.88)	(5.91)	16.83
Gearing (net borrowings to shareholders' funds) - times	0.17	0.37	0.42	0.40	0.36

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

cont'd

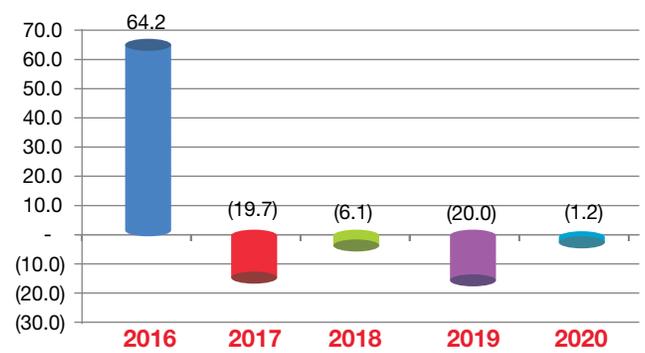
REVENUE

Profitability (RM'million)



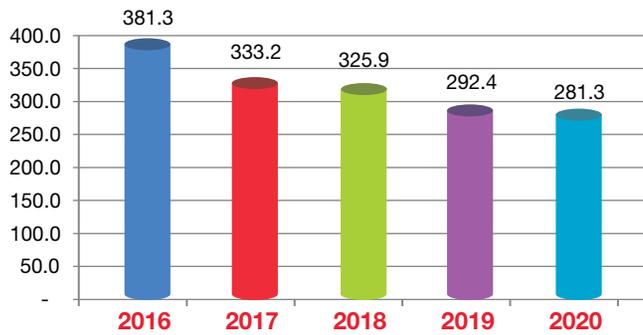
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profitability (RM'million)



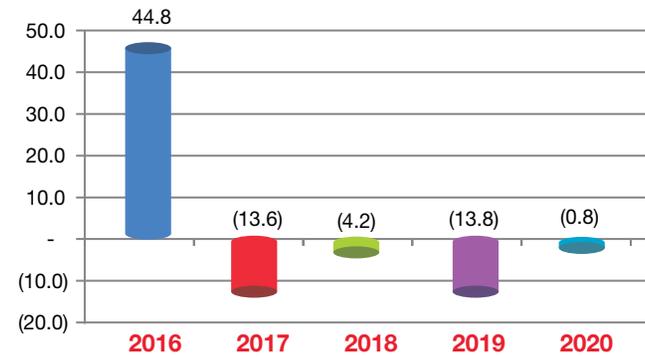
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Key Balance Sheet Data (RM'million)



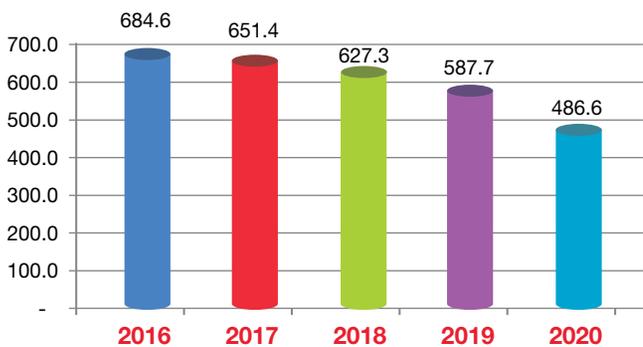
NET EARNINGS PER SHARE

Share Information (Sen)



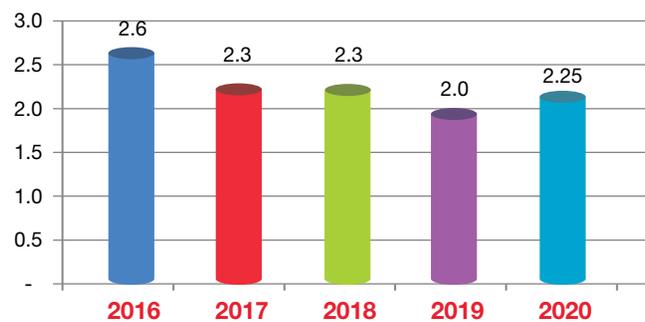
TOTAL ASSETS

Key Balance Sheet Data (RM'million)



NET ASSETS PER SHARE

Share Information (RM)



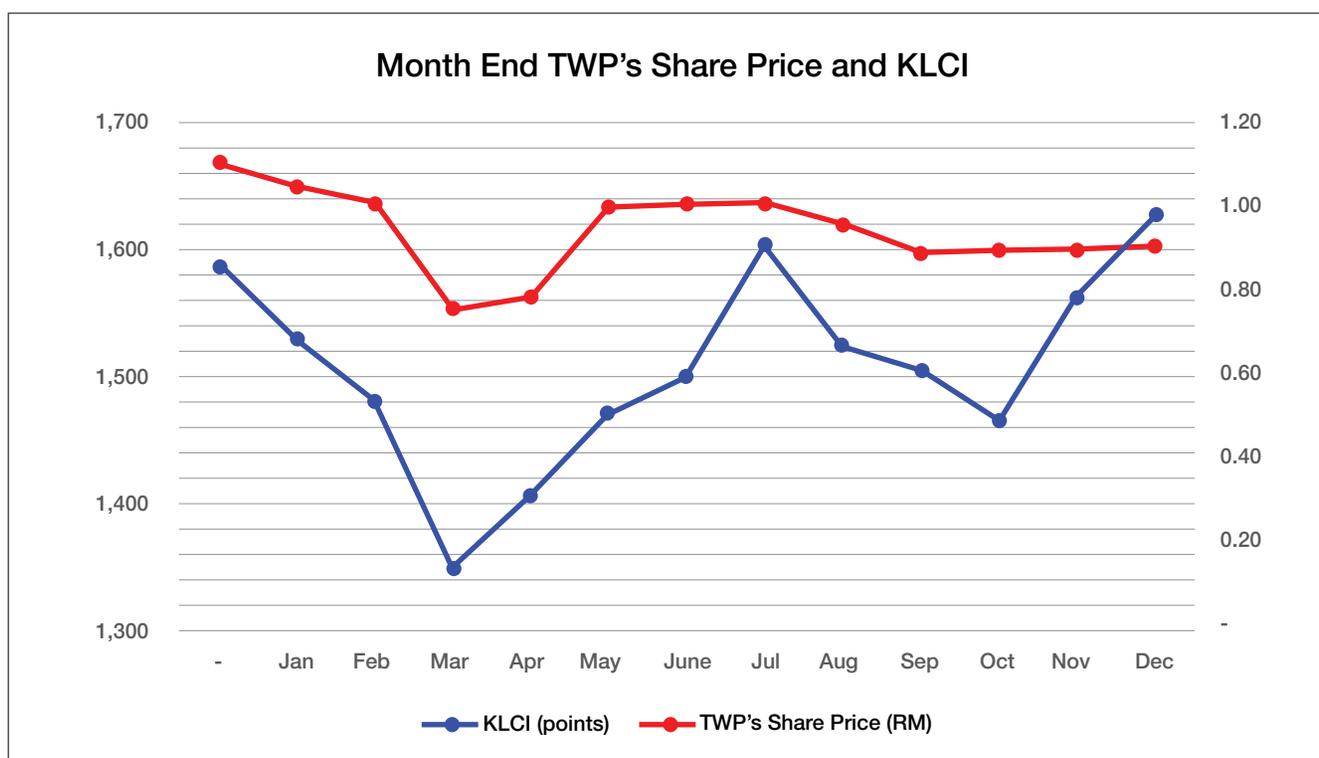
INVESTOR INFORMATION

STOCK MARKET PERFORMANCE IN 2020

The global community entered the first day of 2020 with an unprecedented event. The Corona Virus Disease (“COVID-19”) was reported to the World Health Organisation (WHO) on 31 December 2019. The WHO declared the COVID-19 outbreak as a Public Health Emergency on 30 January 2020. FTSE Bursa Malaysia Composite Index (“KLCI”) plunged as investor sentiment were impacted by the Covid-19 pandemic and further compounded by the unstable local political scene as Tun Mahathir tendered his resignation as Prime Minister on 24 February 2020. The market regain the momentum in second quarter of the year driven by bullish demand among glove makers and economic stimulus package introduced by the Government to counteract the adverse economic impact from the COVID-19 pandemic. However, the KLCI took a turn in third quarter due to raising global COVID-19 cases but rebounded in the last quarter of 2020 on news that COVID-19 vaccine will be available earlier than expected.

KLCI closed at 1,627 points as at 31 December 2020, recording an overall rise of 38 points or 2.4% from its close of 1,589 a year before.

TIEN WAH PRESS HOLDINGS (“TWPH”) SHARE PRICE PERFORMANCE IN 2020



TWPH share price was also effected by the overall market performance. It started the year at RM1.11 and traded lower in line with the overall movement of the stock market. The share close for the year at RM0.92 recovering from a low of RM0.76 in Mar 2020.

PROFILE OF DIRECTORS



MR YEN WEN HWA (NGAN TZEE MANH)

**Non-Independent Non-Executive Director, Chairman
Singaporean, Age 72 years, Male**

Mr Yen was appointed to the Board of the Company and elected as Executive Chairman on 16 February 2015. He was redesignated as Non-Independent Non-Executive Chairman effective from 1 January 2021. 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 was redesignated as Executive Chairman of NTIH from 1 November 2020. 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 Six (6) board meetings held in the financial year ended 31 December 2020.



PROFILE OF DIRECTORS

cont'd

MR LEE CHEE WHYE

Executive Director, Chief Executive Officer
Singaporean, Age 54 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 20 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 Six (6) board meetings held in the financial year ended 31 December 2020.



MS ANGELA HENG CHOR KIANG

Executive Director
Singaporean, Age 62 years, Female

Ms Angela was appointed to the Board of the Company on 25 April 2014. She had earlier served as the Non-Independent Non-Executive Director of the Company from 25 April 2014 to 31 March 2021 and was redesignated as Executive Director effective from 1 April 2021.

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 for 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 Six (6) board meetings held in the financial year ended 31 December 2020.



PROFILE OF DIRECTORS

cont'd

**MR TUNG KUM HON**

Independent Non-Executive Director
Malaysian, Age 62 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 16 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 all the Six (6) board meetings held in the financial year ended 31 December 2020.

MR JOHN DAVID CAMBRIDGE

Independent Non-Executive Director
Australian, Age 77 years, Male

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

He holds a Bachelor of Economics degree from the Monash University, Australia and is a Graduate of the Royal Military College, Duntroon, Australia (1963-1966) as well as Australian Staff College (1977) and the "Harvard" Advance Management Programme at the University of Hawaii (1984). He served as an officer in the Australian Army (1967-1980) and he was on active duty in the Vietnam conflict (1970- 1971). Following his service in the Army, he was the head of various departments in the Government of South Australia, including the Economic Development Authority of South Australia (1994-1996), the Department of Industry and Trade (1997-2001), the Office of Asian Business (1998) and the SA Centre for Manufacturing Pty Ltd (1987-1993). He 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 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 Six (6) board meetings held in the financial year ended 31 December 2020.



PROFILE OF DIRECTORS

cont'd



DR ONG ENG LENG (ONG ENG LIN)

Independent Non-Executive Director
Malaysian, Age 81 years, Male

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

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

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 Six (6) board meetings held in the financial year ended 31 December 2020.

YM TENGKU DJAN LEY BIN TENGKU MAHALEEL

Independent Non-Executive Director
Malaysian, Age 44 years, Male

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

He holds a Bachelor degree in Automotive Engineering from Wilhelm Maybach Institute, Germany. He had earlier served as an Apprentice Trainee in Munich Airport AG, Germany (1996-1997) and Dr. Ing. Porsche AG, Germany (1998-1999). He has more than 18 years of experience in the automotive industry. Prior to this current appointment as Head of Company of Lotus Cars Malaysia Sdn Bhd commencing 2014, he was the Vehicle Dynamics Engineer, Lead Development Engineer and Certified Lotus Driver Trainer of Lotus Engineering, United Kingdom (1999-2002), Senior Technical Development Engineer, Lead Chassis Engineer and Specialised Automotive Consultant of Lotus Engineering, Malaysia (2002-2007) and Head of Proton Motorsports Division, Technical Director, Lead Chassis Engineer, Head of R3 of Perusahaan 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 Six (6) board meetings held in the financial year ended 31 December 2020.



PROFILE OF KEY SENIOR MANAGEMENT



MR LEONG WAI MING

Group Finance Director
Tien Wah Press Holdings Berhad
Malaysian, Age 52 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 30 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 firm.

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 offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

MR GAVIN ONG YEW DEE

Group Operations Director
Tien Wah Press Holdings Berhad
Singaporean, Age 55 years, Male

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 country 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 offences, he has never been convicted for any offences within the past five (5) years, nor any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.



CHAIRMAN REVIEW STATEMENT



YEN WEN HWA (NGAN TZE MANH)
Non-Independent Non-Executive 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 2020.

CHAIRMAN REVIEW STATEMENT

cont'd

PERFORMANCE REVIEW

The COVID-19 outbreak in 2020 has caused substantial economic disruption globally. In early 2020 most countries implemented strict lock down procedures and many borders were closed, resulting in global economic slowdown. While many countries, including Malaysia has begun vaccination in early 2021, the International Monetary Fund (“IMF”) warned that the global economy’s recovery will be uneven and remain uncertain.

2020 was the most challenging year and the company had to take many steps to minimize the risk of a COVID-19 outbreak within the Group, while simultaneously undertaking various cost-effective measures to improve productivity and minimize operating expenses. I am thankful that the strategic plans we have made in the last few years and the operational efficiency and cost down programs undertaken, have placed our Group in a better state to undergo the challenges created by the COVID-19 pandemic.

I am therefore pleased to report that despite the challenges, the Group recorded a profit after tax of RM2.8 million. However, as our more profitable entities are not 100% owned, the shareholders recorded a decent loss after tax of RM1.2 million for 2020 which is a marked improvement from the adjusted loss after tax of RM10.8 million (adjusted for the RM9.2 million accounting impairment loss for fixed assets in Dubai) in 2019.

Amidst the movement restrictions, the Group remained committed to meet the customers’ orders and we are pleased to inform that no delivery failure was reported in 2020. Our efforts have been recognized by our major customer who presented a letter of appreciation for supporting them in “Weathering The Storm”, an accolade that was reserved for very few of their suppliers globally.

Given the current situation is full of uncertainties, the Group has continued to take prudent measures in managing our cashflow. The Group remains financially resilient as we undertook steps in 2020 to deleverage our balance sheet.

DIVIDENDS

In line with the Group’s performance and as recognition of the continuous support from our loyal shareholders, the Board, is recommending a final single-tier dividend of 5.5 sen per ordinary share.

OUTLOOK FOR 2021

Moving forward, as the world economy starts to recover, IMF expects global GDP to bounce back to 5.5% in 2021. However, it warned that the global economy’s recovery will be uneven and uncertain.

We strongly believe the strategic plans we have made and the operational efficiency and cost down programs that have been undertaken will bring better results in 2021.

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 STATEMENT

LEE CHEE WHYE
Chief Executive Officer



2020 PERFORMANCE OVERVIEW

Despite the impact of the COVID-19 pandemic on the business, all the employees of the Group, worked together tirelessly to face this unprecedented adversity and the efforts paid off with the Group achieving profit after tax of RM2.8 million for the year 2020 compared to a loss after tax of RM15.9 million in the year before.

TWPH Group's annual revenue fell from RM346.3 million in 2019 by 19.9% to RM277.4 million in 2020. The fall in revenue was more than offset by the efficiencies in operations and better margins from our core businesses. The gross profit margin increase from 8.0% to 11.6%. This could not have been possible without the commitment of our people, the support of our customers and the guidance of our Chairman and fellow board members.

Operations Performance Review

The Group is principally in the printing business mainly for tobacco companies. Although the Group utilizes 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 standard demanded by the tobacco industry.

The 2020 key performance measures on Gravure printers as set out below:

	2020		2019	
	Unit Measure	Weighted Average*	Unit Measure	Weighted Average*
Number of Gravure printers	14	11.5	14	11.3
Number of Available Gravure Hours **	122,640	100,740	122,640	99,280
Number of Production Gravure Hours	40,822	40,822	56,898	56,898
Utilisation %	33.3	40.5	46.4	57.3

Notes:-

* 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 reduced weighted average utilisation % in 2020 is due to impact arising from COVID-19 pandemic.

CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS STATEMENT cont'd

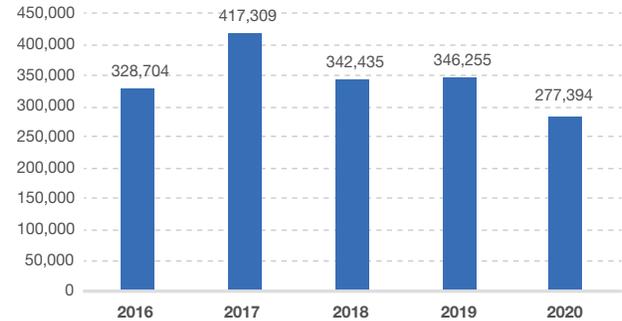
REVENUE PERFORMANCE

Total revenue reduced by 19.9% from RM346.3 million to RM277.4 million in 2020.

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

REVENUE PERFORMANCE

Revenue



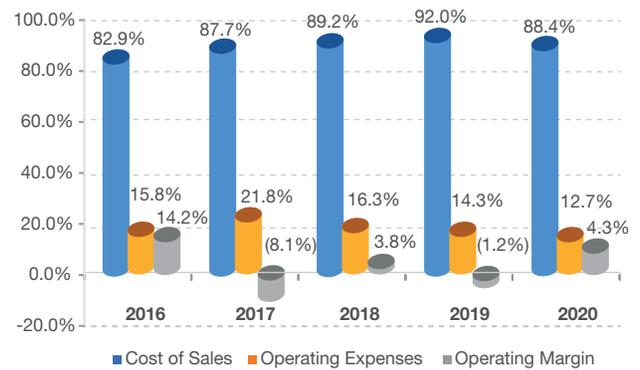
COST AND MARGIN

Management has been actively taking cost saving measures to combat the impact of COVID-19 and supported by the higher revised pricing from our operations. Cost of sales as a percentage of revenue improved from 92.0% to 88.4% in FY2020 due to the above.

Operating expenses against revenue further fell from 14.3% to 12.7% due to the one-off accounting impairment loss for the fixed assets in Dubai of RM 9.2 million in FY2019.

Overall, operating profit improved from negative 1.2% to 4.3% in FY2020.

COST AND MARGIN



CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS STATEMENT cont'd



NET PROFIT

TWPH reported a group net after tax profit of RM2.8 million. It is substantially higher than the net loss after tax of RM15.9 million in 2019, as the latter was impacted by an accounting impairment loss for the fixed assets in Dubai of RM9.2 million. Normalising for the accounting impairment, the net loss after tax in 2019 is RM6.7 million. TWPH achieved a commendable performance for 2020 as the Group turned around and recorded a group net profit after tax of RM2.8m despite the Covid-19 pandemic.

The net loss after non-controlling interests stood at RM1.2 million (FY2019 – loss of RM20.0 million) as the more profitable units were not 100% owned. An improvement against the adjusted net loss after non-controlling interest in 2019 of RM 10.8 million after removing the impact of the accounting impairment loss.

The Group Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), improved from RM47.0 million in 2019 to RM 55.5 million in 2020.

TAX EXPENSE

The Group generally enjoy a reasonably low tax expense level due to availability of zero and lower corporate tax rates in Hong Kong and Vietnam respectively.

NET PROFIT



TAX EXPENSE



CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS STATEMENT cont'd

CASH FLOW MANAGEMENT

CONSOLIDATED CASH FLOW STATEMENT	12 months 2020 RM'000	12 months 2019 RM'000	Increase / (Decrease) %
Profit/(Loss) from operations	3,838	(14,198)	127.0
Adjustment for:-			
Net interest expense	7,061	8,750	(19.3)
Property, plant and equipment			
- Depreciation	42,071	48,547	(13.3)
- Gain on disposal	(279)	(34)	(720.6)
- (Reversal)/Impairment	(353)	9,160	(103.9)
(Reversal) of receivables	-	(209)	100.0
Inventory write down/off	540	1,420	(62.0)
Employment benefit	2,084	937	122.4
Share of profit after tax for joint venture	1,118	1,255	(10.9)
Amortisation of intangible assets	2,502	3,959	(36.8)
Other non-cash item	3,138	(106)	3,060.4
Changes in working capital	25,662	15,366	67.0
Cash generated from operations	87,382	74,847	16.7
Interest received	170	659	(74.2)
Employee benefits used	(1,659)	(406)	(308.6)
Income tax recovered/(paid)	766	(1,693)	145.2
Net capital expenditure	(9,638)	(32,455)	70.3
Investment in joint venture	-	(1,000)	100.0
Proceed from disposal of PPE & investment properties	322	39	725.6
Other Investing activities	(3)	121	(102.5)
Dividend paid	(11,152)	(13,115)	15.0
Other financing activities	(72,028)	(38,985)	(84.8)
Increase in cash and cash equivalents	(5,840)	(11,988)	51.3
Exchange differences on translation of opening balance	(3,253)	(1,267)	(156.7)
Cash and cash equivalents at 1 January	35,485	48,740	(27.2)
Cash and cash equivalents at 31 December	26,392	35,485	(25.6)

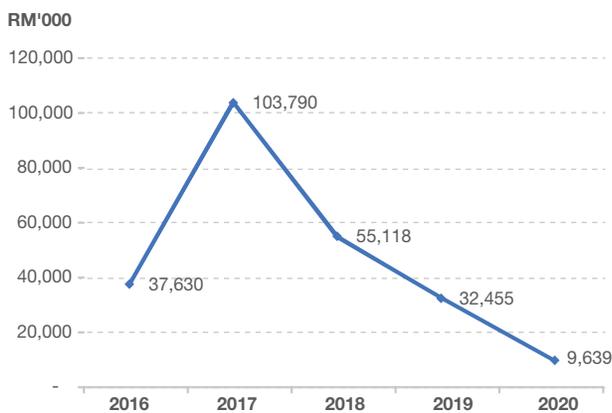
CEO'S BUSINESS OPERATIONS REVIEW, MANAGEMENT DISCUSSION & ANALYSIS STATEMENT cont'd

As at 31 December 2020, cash and cash equivalents amounted to RM26.5 million, decrease of RM9.1 million from FY2019.

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

- Cash generated from operations of RM87.4 million.
- Net repayment of bank borrowing and interest of RM 64.2 million.
- Capital expenditure of RM 9.6 million of which RM6.5 million relates to tooling for secured jobs from customers.
- Dividend payment of RM 11.2 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 agreed to terminate the strategic joint venture agreement dated 24 May 2015. While the Company is awaiting the issuance of the revised investment certificate from the State Authority of Vietnam, the Investment and Business licence of TVDP will expire on 14 July 2021. TVDP will be effectively liquidated on 14 July 2021 and the business of TVDP, where possible, will be transferred to our other business units.

TVDP turnover in FY2020 was RM9.0 million (2019 : RM12.2 million) with loss after tax of RM1.6 million (2019 : loss after tax of RM0.8 million).

We will continue to execute our strategies to drive cost reduction, increase efficiency, maintain quality excellence and improve our technical capabilities. As the world goes through the impact of the COVID-19 pandemic, I am confident that the commitment and dedication of the people in TWPH will be our key to continue to be the winning company.

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 continual support to TWPH Group. I wish to convey my personal gratitude to all the staff that have assisted in meeting the challenges in 2020 and beyond.

LEE CHEE WHY

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 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 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 practised 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’s 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 conduct its business.

As at 31 December 2020, the Board has applied the main principles and practices of the MCCG except as disclosed and explained in the Corporate Governance Report. The ensuing paragraphs describe the extent of how the Group has applied and complied with the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

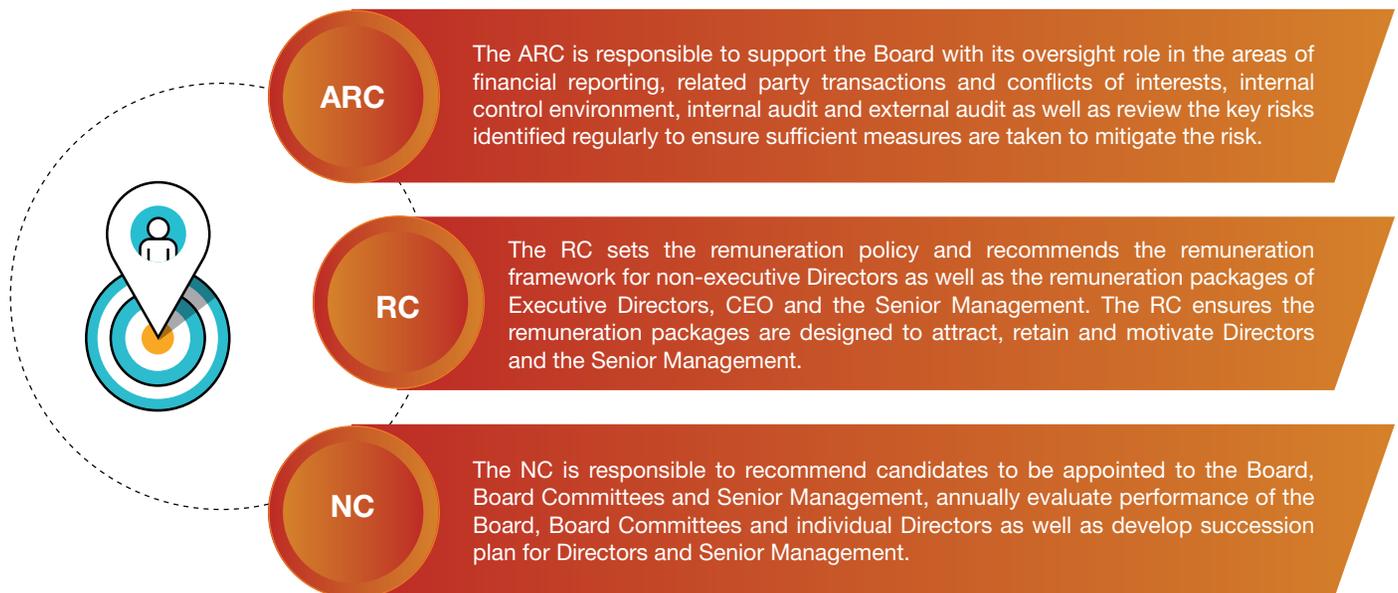
PRINCIPLE A: BOARD RESPONSIBILITIES, LEADERSHIP AND EFFECTIVENESS

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 for the financial year ended 31 December 2020 are outlined below:-

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

Board/Board Committee Chairman Member

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.

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

Following the amendment to the Malaysian Anti-Corruption Commission Act to incorporate, among others, a new Section 17A on corporate liability in relation to anti-corruption measures, the Company had adopted the Anti-Bribery and Anti-Corruption Policy and Procedure (“ABAC Policy”) on 1 June 2020. The Group has taken proactive actions to strengthen the Group’s internal processes and practices during the financial year to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct. The Group will review the ABAC policy and programme periodically to assess the performance, efficiency and effectiveness of the Group’s anti-bribery and anti-corruption processes and risk management system.

Copies of the Code of Conduct, Code of Ethics, Whistle Blower Policy and ABAC Policy are available on the Company’s website at www.tienwah.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

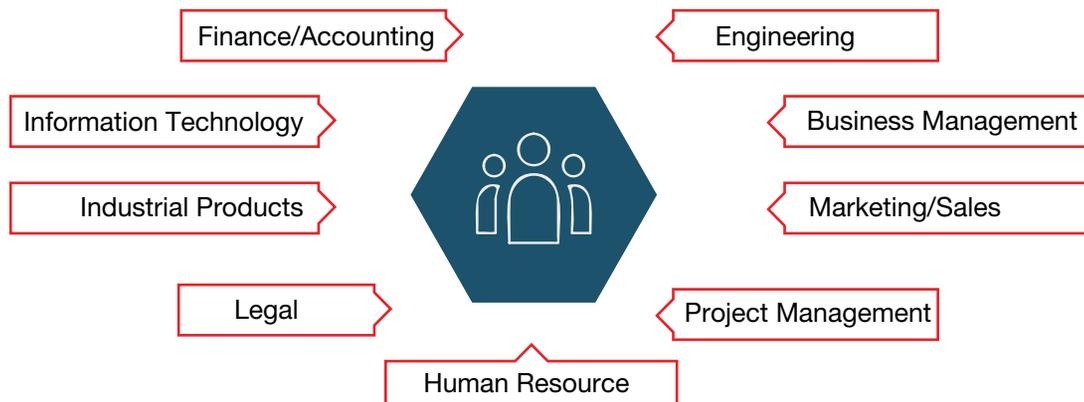
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BOARD COMPOSITION

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 (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:-



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. Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming AGM:

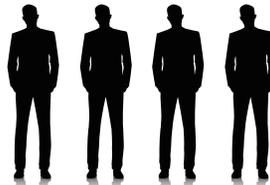
1. Mr Yen Wen Hwa (Ngan Tzee Manh)
2. Mr Tung Kum Hon
3. Dr Ong Eng Leng @ Ong Eng Lin
4. Mr John David Cambridge
5. Y.M. Tengku Djan Ley Bin Tengku Mahaleel

All the aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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



57%
Independent
Directors

On 1 January 2021, Mr Yen Wen Hwa (Ngan Tzee Manh) was re-designed from Executive Chairman to Non-Independent Non-Executive Chairman of the Company. Subsequently, Ms Angela Heng Chor Kiang was re-designated from Non-Independent Non-Executive Director to Executive Director of the Company on 1 April 2021.



29%
Executive
Directors

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.



14%
Non-Independent
Non-Executive Director

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.

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;
- Reviewed and assessed the term of office and performance of the ARC and each of its members;
- Reviewed and discussed the succession planning for the Executive Directors;
- Assessed the size and composition of the Board of Directors; and
- Reviewed and discussed the extension of employment contract for the CEO of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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 TWPH 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.

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.

During the financial year under review, there were two (2) meetings held on 26 February 2020 and 9 November 2020 between the Internal Auditors and the ARC without the presence of the Executive Board Members and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

The Board is satisfied with the adequacy and effectiveness of the Group's Risk Management and internal control system. The Board received assurance from the CEO and Group Finance Director that the risk management and internal control system, in all material 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, 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. With the outbreak of COVID-19 and as part of the safety measures to curb its spread, the Twenty-Fifth ("25th") AGM of the Company was conducted fully virtual through live streaming and online remote voting by using remote participation and voting facilities, which is in compliance with Section 327 of the Companies Act 2016 and Clause 64 of the Constitution of the Company.

However, due to the restrictions imposed by the Malaysian Government, only limited essential individuals such as the Chairman, Group Finance Director, the Company Secretary and the External Auditors were allowed to be physically present at the broadcast venue while the rest of the Directors and meeting participants participated in the AGM remotely.

During the AGM, shareholders took the opportunity to raise questions on the agenda items of the AGM as well as the current and future developments of the Group. The CEO responded to all questions raised and provided clarifications as required by the shareholders.

The AGM notice of the Company in year 2020 was issued at least twenty-one (21) days to the shareholders prior to the AGM. This is in compliance with the Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the Bursa Malaysia Listing Requirements which call for a 21-days' notice period for public companies or listed issuers respectively.

To strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at its 25th AGM. An independent scrutineer for the electronic poll voting process was appointed to validate all the votes. The scrutineer announced the voting results and results of the voting were displayed on the screen before the closure of the AGM. Subsequently, the poll results were announced via Bursa LINK on the same day.

A minutes of the 25th AGM is available on the corporate website, www.tienwah.com.

FOCUS AREAS AND FUTURE PRIORITIES ON CORPORATE GOVERNANCE



In 2020, the Board, against a challenging business backdrop due to COVID-19 pandemic, 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 2020 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

(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) Chairman	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
Lee Chee Whye	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
Angela Heng Chor Kiang	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
Tung Kum Hon	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
Dr Ong Eng Leng (Ong Eng Lin)	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
John David Cambridge	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020
YM Tengku Djan Ley Bin Tengku Mahaleel	Boardroom Smart Business Solutions • Corporate Governance Monitor 2020

(iii) 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.

ADDITIONAL COMPLIANCE INFORMATION

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

(i) Material Contracts

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 during the financial year ended 31 December 2020.

(ii) Utilisation of proceeds

There were no proceeds raised for any corporate proposals during the financial year ended 31 December 2020.

This Statement was approved by the Board on 24 May 2021.

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 2020.

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 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.

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.

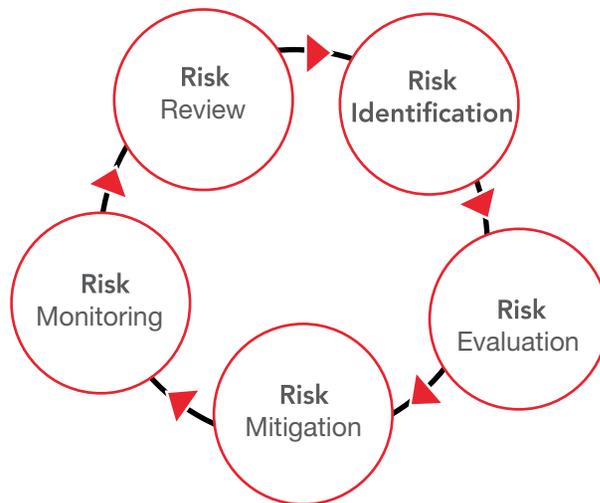
The management of the Group's daily operational risk (such as health and safety, key customer reliance, operation, quality issues, competitive pricing and cost management) are guided by standard operating procedures or practices. The operational risks that cut across the organization (such as regulatory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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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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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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL CONTROL

The Group's corporate culture is inculcated through continuous improvement, conduct of business in a healthy and safe environment, law compliance, cultivating a culture of achievements and new businesses. This is done in order to achieve the Group's vision, support the business objectives, risk management and internal control system.

The Group's Code of Conduct and Ethics provides guidance on moral and ethical behaviour that is expected from all employees to comply with laws, policies, standards and procedures.

There is a clearly defined organisation structure which covers delegation of authority and responsibility of the management and reporting mechanism within the Group.

There are proper guidelines established within the Group for recruitment and termination, formal training programme and annual performance appraisals for staff to enhance the level of staff competency in carrying out their duties and responsibilities.

There is a process of hierarchical reporting which provides a documented and auditable trail of accountability, which includes the 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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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.

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 2020, 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 24 May 2021.

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 2020 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 2020 were as follows:-

Composition ARC	Number of Meeting held		
	Held	Attended	%
Mr Tung Kum Hon - <i>Chairman, Independent Non-Executive Director</i>	7	7	100
Mr John David Cambridge - <i>Independent Non-Executive Director</i>	7	7	100
Dr Ong Eng Leng (Ong Eng Lin) - <i>Independent Non-Executive Director</i>	7	7	100
YM Tengku Djan Ley Bin Tengku Mahaleel - <i>Independent Non-Executive Director</i>	7	7	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.

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

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 at least once a year and Internal Auditors without Executive Board Members and Management’s presence.

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.

AUDIT AND RISK COMMITTEE REPORT

cont'd

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 2020 Annual Report.
- (d) Held one 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 to the Board for approval on the proposed appointment of Messrs Ernst & Young PLT as the External Auditors of the Company in place of the retired External Auditors, Messrs KPMG PLT and authorised the Board to fix their remuneration.

3. Internal audit

- (a) Reviewed the internal audit reports prepared by the Head of 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 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.
- (c) Reviewed and approved the proposed audit work to be conducted in accordance to the approved 3-Year Internal Audit Plan.
- (d) 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.
- (e) 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.
- (f) Held two 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.

AUDIT AND RISK COMMITTEE REPORT

cont'd

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 2020 and ensured that these reports were prepared in accordance with the applicable requirements for inclusion in the Annual Report 2020 prior to the recommendation to the Board for adoption.
- (b) Reviewed the Circular to Shareholders relating to Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature prior to recommending it for Board's approval.
- (c) Reviewed 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

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 issues of the TWPH Group, which could have a significant impact on the results of the TWPH group:-
 - PT. Bintang Pesona Jagat, Indonesia - Procure to Pay Process
 - Tien Wah Press Holdings Berhad, Malaysia - Record to Report Process
 - Alliance Print Technologies Co. Ltd, Vietnam, Procure to Pay Process and Inventory Management
- 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 2020 amounted to approximately RM136,223 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 2020.

This ARC Report was made in accordance with the approval of the Board of Directors on 24 May 2021.

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.

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 1st January 2020 to 31st December 2020, unless otherwise stated.

SUSTAINABILITY STATEMENT



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
- recognize 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

cont'd

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.

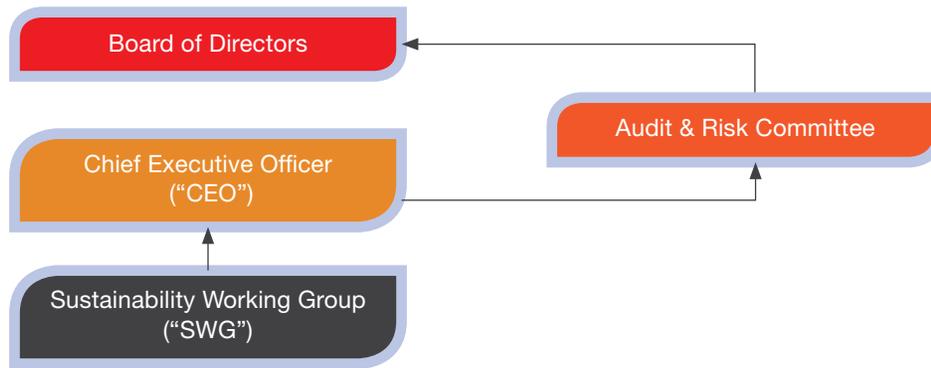


Diagram 1: TWP Sustainability Governance Structure

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.

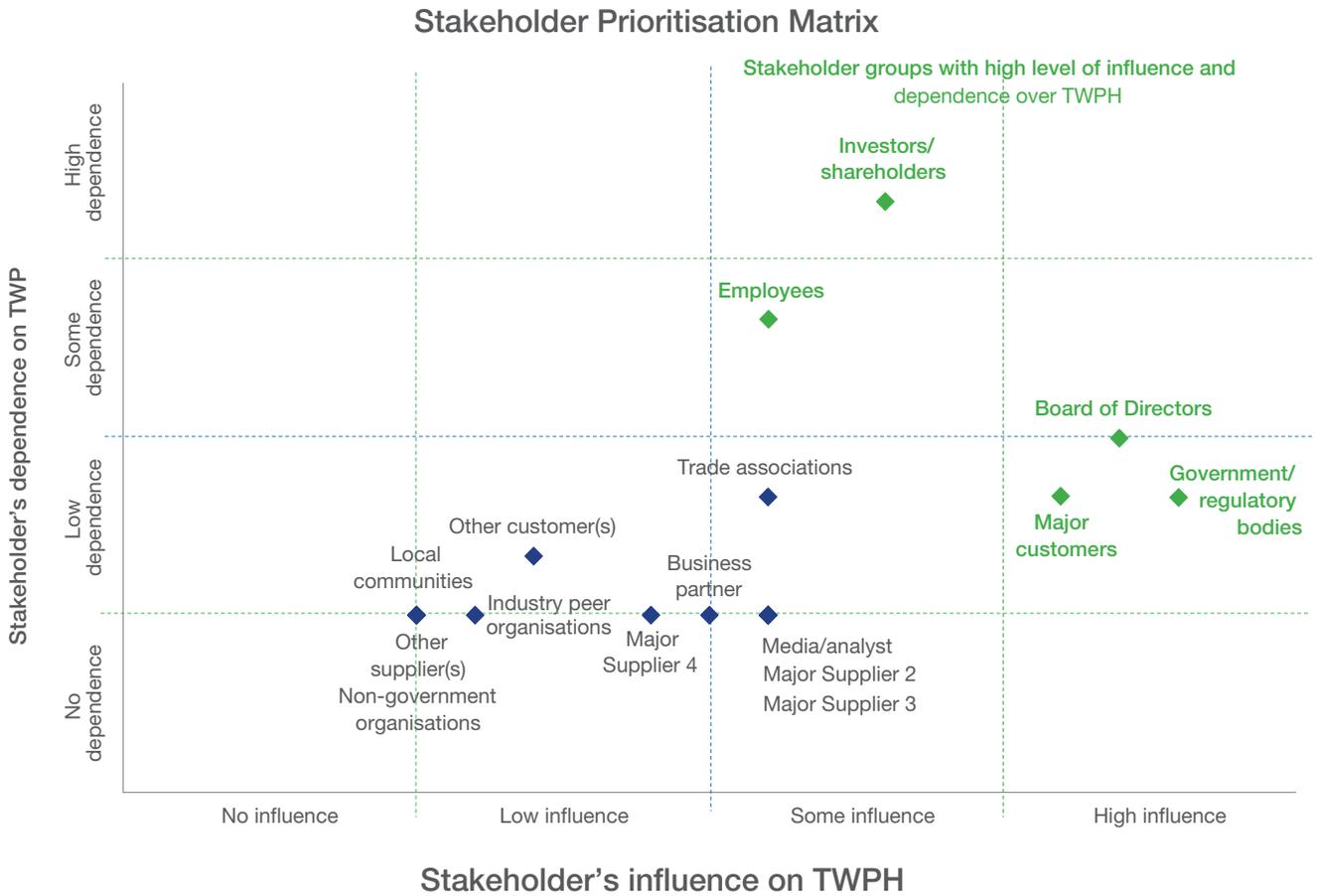


Diagram 2: TWPB Stakeholder Prioritisation Matrix

SUSTAINABILITY STATEMENT

cont'd

Table 1: Summary of stakeholders' feedback and TWPB'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"> Quarterly board meetings On-going multiple engagement channels (e.g email, meetings) 	<ul style="list-style-type: none"> Sustainability in supply chain management Environmental management 	<ul style="list-style-type: none"> Sustainability-Infused Operations Achievement-Oriented Employer Eco-Centric Corporate Citizen
Customers	<ul style="list-style-type: none"> Annual Customer Satisfaction Survey On-going multiple engagement channels (e.g emails, meetings) 	<ul style="list-style-type: none"> Customer satisfaction Occupational health & Safety 	<ul style="list-style-type: none"> Sustainability-Infused Operations Achievement-Oriented Employer
Employees	<ul style="list-style-type: none"> Annual employee performance appraisals Monthly management meeting On-going multiple internal engagement channels (e.g. emails, training, meeting) 	<ul style="list-style-type: none"> Sustainability in supply chain management Talent management & retention Employee welfare Community development Business sustainability Environmental management & compliance 	<ul style="list-style-type: none"> Sustainability-Infused Operations Achievement-Oriented Employer Eco-Centric Corporate Citizen
Shareholders/ Investors	<ul style="list-style-type: none"> Annual General Meeting Analyst briefing 	<ul style="list-style-type: none"> Customer satisfaction Talent management & development Employee welfare 	<ul style="list-style-type: none"> Sustainability-Infused Operations Achievement-Oriented Employer
Suppliers	<ul style="list-style-type: none"> Supplier assessment evaluation & audit On-going multiple engagement channels (e.g meetings) 	<ul style="list-style-type: none"> Sustainability in supply chain management 	<ul style="list-style-type: none"> Sustainability-Infused Operations

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")].

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.

SUSTAINABILITY STATEMENT

cont'd

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.

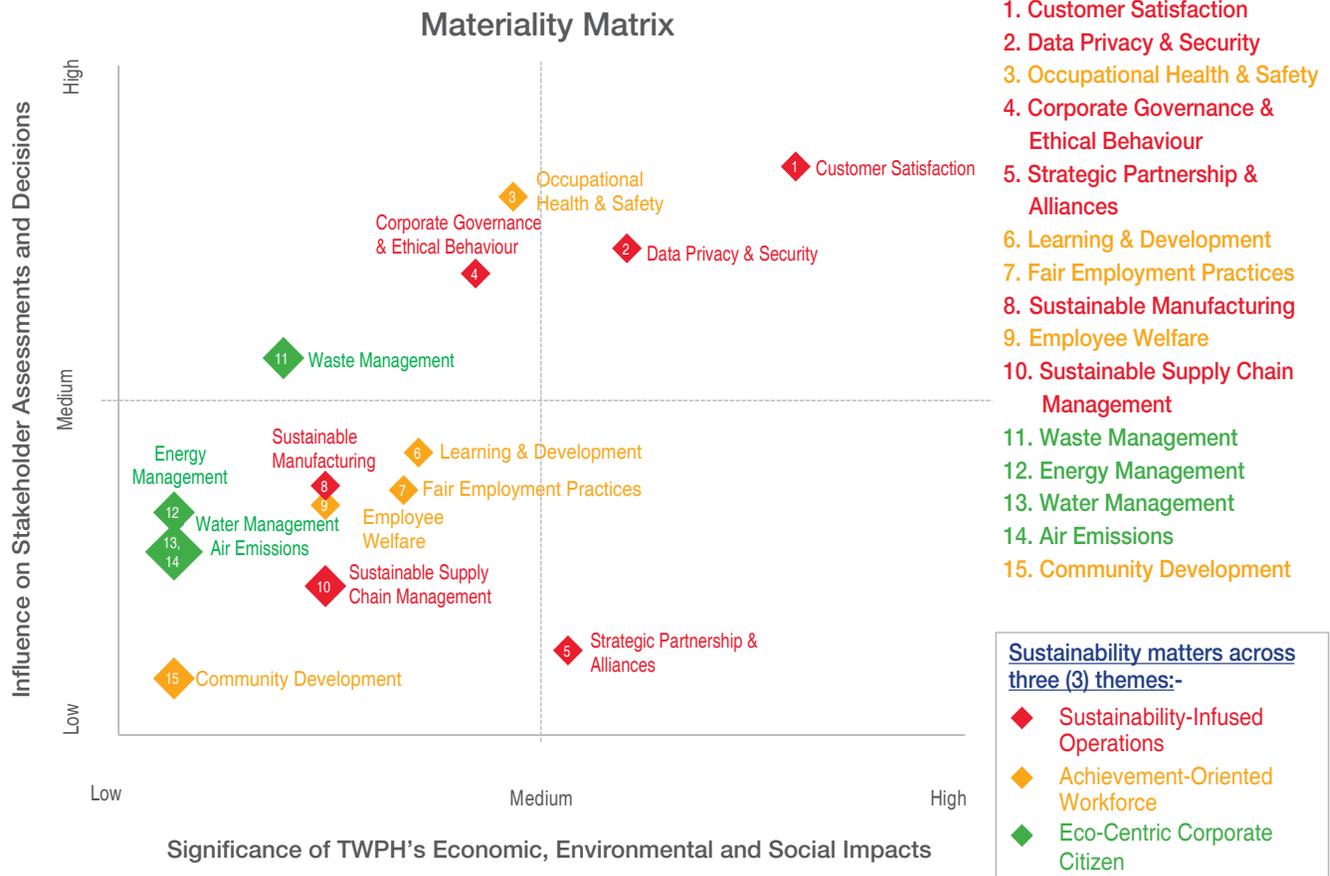


Diagram 3 TWPB Materiality Matrix

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 TWPH's Vision and Mission, which is ultimately aimed at becoming the "Winning Company" in the industry.

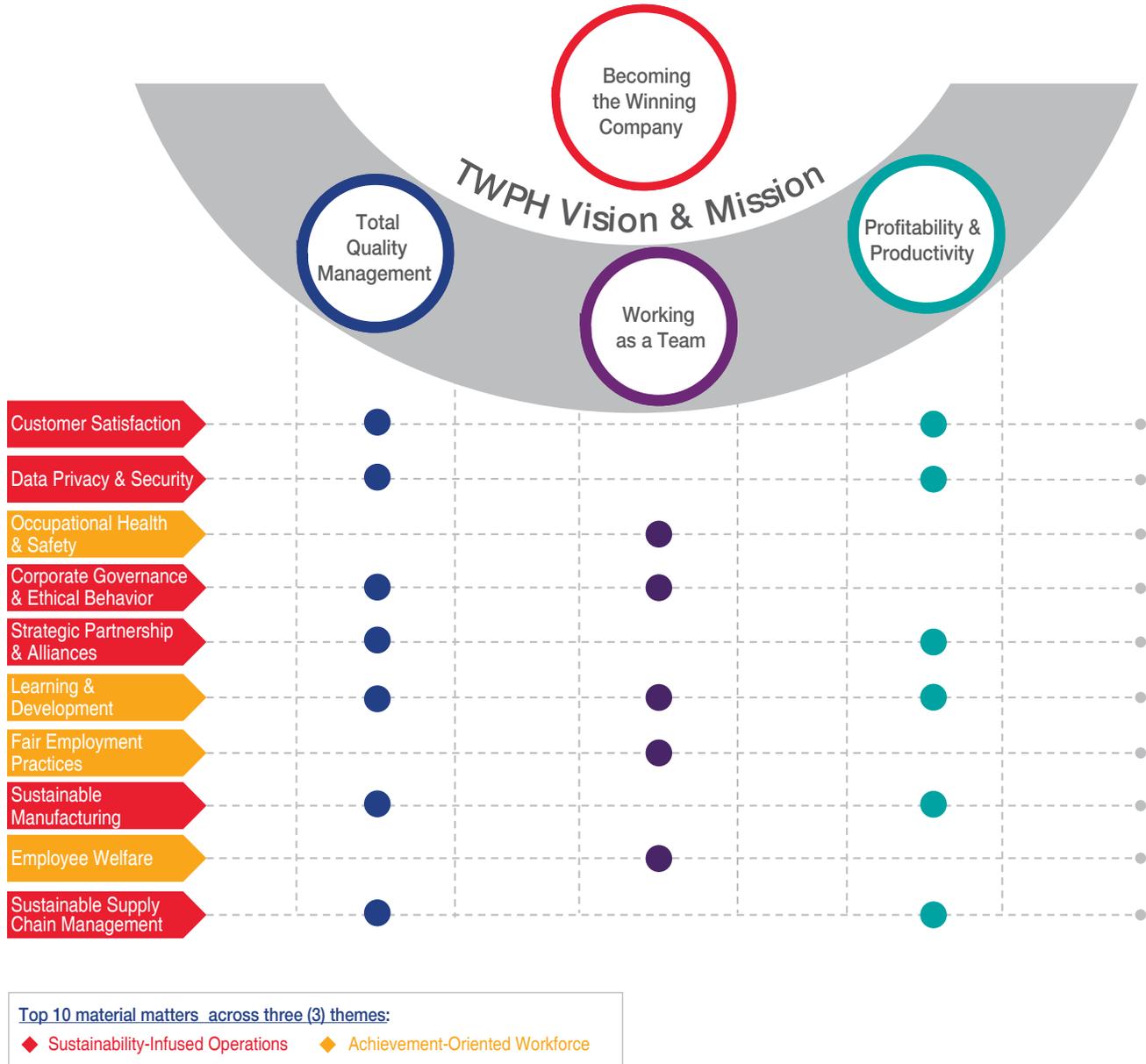


Diagram 4: Harmonising stakeholders' expectation and business strategies

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 FY2019 and FY2020

	FY2019* APT/BPJ	FY2020 APT/BPJ
Number of feedback received (based on CAPA Forms raised)	135	79
No. of issues resolved	103	69

* APT/BPJ data FY2019 has been included for comparison purpose.

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 FY2020, APT was audited by one 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 FY2020, 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 FY2020, there was an increase of 21% in the consumption of soy-based ink.

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 FY2020, our consumption of PEFC-certified papers is 54% 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") ("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 trainings provided in FY2020 are summarized in the Table 3 below.

Table 3: Number of safety-related trainings attended

Targeted participants	Number of safety-related training attended
Management	1
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 FY2020, 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 24 May 2021.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

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.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit for the year attributable to:		
Owners of the Company	(1,177)	7,153
Non-controlling interests	4,018	-
	2,841	7,153

There was no material transfer to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 22 to the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no change in the issued and paid up capital of the Company during the financial year.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2019 was as follows:

In respect of the financial year ended 31 December 2019:

Final single-tier dividends of 5.5 sen per ordinary shares, declared on 28 February 2020 and paid on 28 August 2020	RM 7,960,838
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At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2020, of 5.5 sen per share on 144,742,500 ordinary shares, amounting to a total dividend payable of RM7,960,838 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to 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

The names of the Directors of the Company's subsidiaries since the beginning of the financial year to the date of this report are:

i) Tien Wah Press (Malaya) Sdn. Bhd. ("TWPM")

Lee Chee Whye
Leong Wai Ming

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
Yeo Swee Thiam (Appointed on 25 November 2020)

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

Lee Chee Whye
Leong Wai Ming

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

Lee Chee Whye
Allan John Sarte Laceda

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

viii) PT Bintang Pesona Jagat ("BPJ")

Angela Heng Chor Kiang
Lee Chee Whye
Iwan Prasetyo
Chong Kui Heng

ix) Max View Holdings Limited ("MVHL")

Angela Heng Chor Kiang
Lee Chee Whye

DIRECTORS' REPORT cont'd**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

The Directors' benefits are as follows:

	Group 2020 RM'000	Company 2020 RM'000
Directors of the Company		
Fees	300	300
Remuneration	1,678	1,678
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	262	262
	2,240	2,240
Directors of the Group entities		
Fees	47	-
Remuneration	1,919	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	829	-
	2,795	-
Total Directors' benefit	5,035	2,240

INDEMNITIES TO DIRECTORS OR OFFICERS

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 (2019: RM24,390).

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	1.1.2020	Number of fully paid ordinary shares		31.12.2020
		Acquired	Sold	
Company				
Deemed interest				
Yen Wen Hwa @ Ngan Tzee Manh	79,084,200	-	-	79,084,200
Ultimate holding company				
Direct interest				
Angela Heng Chor Kiang	500,000	-	-	500,000
Yen Wen Hwa @ Ngan Tzee Manh	139,959,164	-	-	139,959,164
Deemed interest				
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 @ Ngan 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 in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ULTIMATE HOLDING COMPANY

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in these financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

DIRECTORS' REPORT **cont'd**

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 35 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 22 to the financial statements.

To the extent permitted by law, the Group and the Company have agreed to indemnify their auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been paid to indemnify Ernst & Young PLT during or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 May 2021.

Lee Chee Whye

YM Tengku Djan Ley Bin Tengku Mahaleel

Petaling Jaya, Malaysia

STATEMENT BY DIRECTORS

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

We, Lee Chee Whye and YM Tengku Djan Ley Bin Tengku Mahaleel, being two of the Directors of Tien Wah Press Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 68 to 151 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 at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 May 2021.

Lee Chee Whye

YM Tengku Djan Ley Bin Tengku Mahaleel

Petaling Jaya, Malaysia

STATUTORY DECLARATION

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

I, Leong Wai Ming (NRIC No.: 681115-10-5563), being the officer primarily responsible for the financial management of Tien Wah Press Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 68 to 151 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Leong Wai Ming
at Petaling Jaya in Selangor Darul Ehsan
on 24 May 2021.

Leong Wai Ming
MIA 13812

Before me,

Commissioner for oaths

INDEPENDENT AUDITORS' REPORT

to the members of Tien Wah Press Holdings Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tien Wah Press Holdings Berhad which comprise the statements of financial position as at 31 December 2020 of the Group and 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 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 151.

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 2020, and of their financial performance and 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment assessment of (a) goodwill, (b) property, plant and equipment and investment in a subsidiary

(Refer to Notes 2.31.2(b), 3.3, 6.2 and 7.1 to the financial statements)

(a) Goodwill

As at 31 December 2020, the Group recorded goodwill of RM66.376 million, which represents 20.1% of the non-current assets and 20.4% of net assets. As disclosed in Note 6.2 to the financial statements, the goodwill is allocated to the Group's cash-generating unit ("GCGU") covering operations in Vietnam, Hong Kong and Indonesia. The Group is required to perform annual impairment test of the GCGU to which this goodwill has been allocated. The recoverable amount of the GCGU has been determined based on value in use ("VIU") calculations using cash flow projections approved by management.

Due to the significance of the amount and the complexity and subjectivity involved in the annual impairment test, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on revenue growth rates, discount rate and terminal growth rate.

INDEPENDENT AUDITORS' REPORT *cont'd* to the members of Tien Wah Press Holdings Berhad (Incorporated in Malaysia)

Key Audit Matters (continued)

(a) Goodwill (continued)

In addressing this area of audit focus, we performed amongst others, the following procedures:

- (i) We obtained an understanding of the relevant internal controls over estimating the recoverable amount of the GCGU;
- (ii) We evaluated the assumptions on revenue growth rates by comparing them to historical data and expected future economic outlook;
- (iii) We involved our internal valuation specialist to evaluate the discount rate and terminal growth rate used by the Group;
- (iv) We analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount; and
- (v) We evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections.

(b) Property, plant and equipment and investment in a subsidiary

The continued losses reported by a subsidiary in Dubai indicated that the subsidiary's property, plant and equipment of RM36.487 million and Company's investment in this subsidiary of RM22.456 million may be impaired. Accordingly, management estimated the recoverable amounts of the cash-generating unit ("CGU") based on the higher of fair value less costs of disposal ("FVLCD") and VIU.

For the financial year ended 31 December 2020, the Group recorded a reversal of impairment loss of RM0.353 million for property, plant and equipment and an impairment loss of RM3.148 million for investment in a subsidiary.

Due to the subjectivity involved in the impairment assessment of the CGU, we consider this impairment assessment to be an area of audit focus. Specifically, we focus on the evaluation of the assumptions on revenue growth rates, discount rate and terminal growth rate.

In respect of recoverable amount estimated using VIU, we performed amongst others, the following procedures:

- (i) We obtained an understanding of the relevant internal controls over estimating the recoverable amount of the CGU;
- (ii) We evaluated the assumptions on revenue growth rates by comparing them to historical data and expected future economic outlook;
- (iii) We involved our internal valuation specialist to evaluate the discount rate and terminal growth rate used by the Group;
- (iv) We analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions on the recoverable amount; and
- (v) We evaluated the adequacy of the Group's disclosures of each key assumption on which the Group has based its cash flow projections.

In respect of recoverable amount estimated using FVLCD, we performed amongst others, the following procedures:

- (i) We assessed the competence, capabilities and objectivity of the professional valuers engaged by the Group to estimate the FVLCD;
- (ii) We obtained an understanding of the methodology adopted by the independent professional valuers in estimating the FVLCD and assessed whether such methodology is consistent with those used in industry; and
- (iii) We had discussions with the independent valuers to obtain an understanding of the assumptions and related data used as input to the valuation model.

INDEPENDENT AUDITORS' REPORT *cont'd* **to the members of Tien Wah Press Holdings Berhad** **(Incorporated in Malaysia)**

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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT *cont'd* to the members of Tien Wah Press Holdings Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

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 MATTERS

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

The financial statements of the Group and of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion of those financial statements on 8 May 2020.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Lee Ai Chung
No. 03265/04/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
24 May 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	3	206,731	238,599	416	285
Right-of-use assets	4	14,820	17,386	305	-
Investment property	5	360	368	-	-
Intangible assets	6	73,234	72,412	-	-
Investments in subsidiaries	7	-	-	131,396	135,353
Investments in joint ventures	8	33,136	34,292	6,430	6,430
Trade and other receivables	10	988	4,208	4,993	-
Deferred tax assets	9	1,671	1,694	-	-
		330,940	368,959	143,540	142,068
Current assets					
Inventories	11	52,471	81,434	-	-
Trade and other receivables	10	68,266	91,382	41,326	35,020
Contract assets	12	8,215	8,684	-	-
Tax recoverable		218	1,668	-	-
Cash and bank balances	13	26,514	35,604	4,531	5,264
		155,684	218,772	45,857	40,284
Total assets		486,624	587,731	189,397	182,352
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	14	156,187	156,187	156,187	156,187
Reserves	15	125,150	136,201	13,707	14,515
		281,337	292,388	169,894	170,702
Non-controlling interests	7	44,260	43,778	-	-
Total equity		325,597	336,166	169,894	170,702

STATEMENTS OF FINANCIAL POSITION cont'd

As at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities					
Loans and borrowings	17	18,405	47,352	-	-
Lease liabilities	4	13,025	15,743	187	123
Trade and other payables	19	34,241	33,331	-	-
Contract liabilities	12	-	1,839	-	-
Employee benefits	16	2,112	1,907	-	-
Provision for liabilities	18	251	-	-	-
Deferred tax liabilities	9	3,011	2,797	-	-
		71,045	102,969	187	123
Current liabilities					
Loans and borrowings	17	28,513	59,558	-	-
Lease liabilities	4	2,906	2,427	242	66
Trade and other payables	19	57,799	83,428	18,982	10,847
Contract liabilities	12	77	2,248	-	-
Employee benefits	16	176	614	92	614
Tax payable		511	321	-	-
		89,982	148,596	19,316	11,527
Total liabilities		161,027	251,565	19,503	11,650
Total equity and liabilities		486,624	587,731	189,397	182,352

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	20	277,394	346,255	11,037	10,549
Cost of sales		(245,272)	(318,469)	-	-
Gross profit		32,122	27,786	11,037	10,549
Other income		15,019	17,433	5,905	5,707
Distribution expenses		(2,373)	(5,983)	-	-
Administrative expenses		(26,296)	(29,863)	(7,696)	(8,235)
Other expenses		(6,455)	(13,775)	(5,873)	(42,422)
Reversal of impairment loss of receivables	22	-	209	-	-
Results from operating activities		12,017	(4,193)	3,373	(34,401)
Finance income	21	170	659	4,456	4,623
Finance costs	21	(7,231)	(9,409)	(628)	(1,082)
Net finance (costs)/income		(7,061)	(8,750)	3,828	3,541
Share of loss of equity accounted joint ventures, net of tax	8	(1,118)	(1,255)	-	-
Profit/(loss) before taxation	22	3,838	(14,198)	7,201	(30,860)
Taxation	25	(997)	(1,746)	(48)	(43)
Profit/(loss) for the year		2,841	(15,944)	7,153	(30,903)
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of employee benefits obligation		547	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2,805)	(1,983)	-	-
Other comprehensive loss for the year, net of tax	23	(2,258)	(1,983)	-	-
Total comprehensive income/(loss) for the year		583	(17,927)	7,153	(30,903)

**STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME** *cont'd*
For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/profit attributable to:					
Owners of the Company		(1,177)	(20,045)	7,153	(30,903)
Non-controlling interests		4,018	4,101	-	-
Profit/(loss) for the year		2,841	(15,944)	7,153	(30,903)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		(3,090)	(21,982)	7,153	(30,903)
Non-controlling interests		3,673	4,055	-	-
Total comprehensive income/(loss) for the year		583	(17,927)	7,153	(30,903)
Basic loss per ordinary share (sen)	26	(0.81)	(13.85)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020

Group	Attributable to equity holders of the Company					Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000		
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)
Total comprehensive (loss)/income for the year	-	(1,937)	-	(20,045)	(21,982)	4,055	(17,927)
Dividends to owners of the Company	-	-	-	(11,579)	(11,579)	-	(11,579)
Dividends to non-controlling interests	-	-	-	-	-	(1,536)	(1,536)
Total transactions with the owners of the Company	-	-	-	(11,579)	(11,579)	(1,536)	(13,115)
At 31 December 2019	156,187	22,547	-	113,654	292,388	43,778	336,166
As at 1 January 2020	156,187	22,547	-	113,654	292,388	43,778	336,166
Remeasurements of employee benefits obligation	-	-	279	-	279	268	547
Foreign currency translation differences for foreign operations	-	(2,192)	-	-	(2,192)	(613)	(2,805)
Total other comprehensive (loss)/income for the year	-	(2,192)	279	-	(1,913)	(345)	(2,258)
(Loss)/profit for the year	-	-	-	(1,177)	(1,177)	4,018	2,841
Total comprehensive (loss)/income for the year	-	(2,192)	279	(1,177)	(3,090)	3,673	583
Dividends to owners of the Company	-	-	-	(7,961)	(7,961)	-	(7,961)
Dividends to non-controlling interests	-	-	-	-	-	(3,191)	(3,191)
Total transactions with the owners of the Company	-	-	-	(7,961)	(7,961)	(3,191)	(11,152)
At 31 December 2020	156,187	20,355	279	104,516	281,337	44,260	325,597

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY cont'd

For the year ended 31 December 2020

	Note	Non-Distributable Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company				
At 1 January 2019		156,187	56,997	213,184
Loss and total comprehensive loss for the year		-	(30,903)	(30,903)
Dividends to owners of the Company	27	-	(11,579)	(11,579)
At 31 December 2019		156,187	14,515	170,702
At 1 January 2020		156,187	14,515	170,702
Income and total comprehensive income for the year		-	7,153	7,153
Dividends to owners of the Company	27	-	(7,961)	(7,961)
At 31 December 2020		156,187	13,707	169,894

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit/(loss) before taxation		3,838	(14,198)	7,201	(30,860)
Adjustments for:					
Amortisation of intangible assets	6	2,502	3,959	-	-
Depreciation of:					
- property, plant and equipment	3	38,867	46,164	156	131
- right-of-use assets	4	3,196	2,374	44	-
- investment property	5	8	9	-	-
Dividend income		-	-	(11,037)	(10,549)
(Gain)/loss on disposal on:					
- property, plant and equipment		(244)	(34)	2	-
- modification/termination of leases		(35)	-	-	-
Property, plant and equipment written off		2	39	2	3
Inventories written off		22	1,188	-	-
Allowance for inventories obsolescence		734	42	-	-
(Reversal)/write down of inventories					
to net realisable value		(216)	190	-	-
Finance costs	21	7,231	9,409	628	1,082
Finance income	21	(170)	(659)	(4,456)	(4,623)
Termination benefits provided		1,068	-	1,068	-
Redundancy paid		-	421	-	-
Provision for:					
- annual leaves		41	(106)	(49)	(106)
- long-service leave		975	622	-	-
Impairment of:					
- property, plant and equipment		-	9,160	-	-
- investment in a subsidiary		-	-	3,148	40,776
Reversal of impairment on:					
- trade receivables		-	(209)	-	-
- property, plant and equipment		(353)	-	-	-
Share of loss of equity-accounted					
joint ventures, net of tax		1,118	1,255	-	-
COVID-19 rent concessions		(20)	-	-	-
Unrealised loss/(gain) on foreign exchange					
differences		3,156	(145)	2,724	2,305
Operating profit/(loss) before changes					
in working capital		61,720	59,481	(569)	(1,841)
Changes in working capital:					
Inventories		28,278	11,796	-	-
Trade and other receivables		25,425	(6,047)	699	(1,175)
Trade and other payables		(26,671)	93	(35)	(108)
Change in contract assets		469	5,437	-	-
Change in contract liabilities		(1,839)	4,087	-	-
Cash generated from operations					
Dividend received	(iii)	-	-	11,037	1,599
Interest received		170	659	4,456	4,623
Employee benefits used		(1,659)	(406)	(1,541)	-
Income tax refunded/(paid)		766	(1,693)	(48)	(43)
Net cash from operating activities					
		86,659	73,407	13,999	3,055

STATEMENTS OF CASH FLOWS cont'd

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(9,638)	(32,455)	(292)	(8)
Additions to:					
- investment in a subsidiary		-	-	-	(10,977)
- investment in joint venture	(ii)	-	(1,000)	-	-
(Placement)/withdrawal of deposits with maturity period of more than 3 months		(3)	6	-	-
Proceeds from disposal of:					
- property, plant and equipment		322	39	1	2
Change in pledged deposits		-	115	-	-
Net cash used in investing activities		(9,319)	(33,295)	(291)	(10,983)
Cash flows from financing activities					
Proceeds from loans and borrowings		89,576	143,613	-	-
Dividends paid to:					
- owners of the Company	27	(7,961)	(11,579)	(7,961)	(11,579)
- non-controlling interests		(3,191)	(1,536)	-	-
Interest paid		(5,842)	(8,067)	(618)	(1,082)
Repayment of loans and borrowings		(147,959)	(174,427)	-	(3,700)
Repayment of lease liabilities		(3,947)	(3,123)	(118)	(63)
(Repayment to)/advance from subsidiaries		-	-	(5,731)	1,034
(Repayment to)/advance from ultimate holding company and related parties		(3,856)	3,019	(13)	1
Net cash used in financing activities		(83,180)	(52,100)	(14,441)	(15,389)
Net decrease in cash and cash equivalents		(5,840)	(11,988)	(733)	(23,317)
Effect of exchange rate fluctuations on cash held		(3,253)	(1,267)	-	-
Cash and cash equivalents at beginning of year		35,485	48,740	5,264	28,581
Cash and cash equivalents at end of year (i)		26,392	35,485	4,531	5,264

STATEMENTS OF CASH FLOWS cont'd

For the year ended 31 December 2020

Notes to statements 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	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at bank and on hand	13	22,505	32,580	2,155	2,359
Short term investments	13	3,887	2,905	2,376	2,905
Deposit placed with licensed bank	13	122	119	-	-
		26,514	35,604	4,531	5,264
Less: Deposit with maturity period of more than 3 months		(122)	(119)	-	-
		26,392	35,485	4,531	5,264

(ii) Additions to investment in joint venture

In the previous 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

In the previous year, dividend income amounting to RM10,549,000 was settled by way of set off against the balances owing to a subsidiary of RM8,950,000 and the balance of RM1,599,000 was paid in cash.

(iv) Cash outflows for leases as a lessee

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities:					
Payment relating to:					
- short-term leases	22	1,247	1,999	120	165
- leases of low-value assets	22	14	15	14	15
Included in net cash from financing activities:					
Payment of lease liabilities (including interest expense)	4	3,947	3,123	118	63
Total cash outflows for leases		5,208	5,137	252	243

STATEMENTS OF CASH FLOWS cont'd

For the year ended 31 December 2020

Notes to statements of cash flows (continued)

(v) Changes in liabilities arising from financing activities

Group	At 1.1.2019		Addition of new lease		Interest paid		Other changes		Foreign exchange movement		At 31.12.2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	50,153	(6,854)	-	-	3,431	-	-	-	-	-	2,430	27,721
Revolving credits	76,493	(31,362)	-	-	2,801	-	-	-	-	-	1,467	16,711
Trust receipts	11,259	277	-	-	893	-	-	-	-	-	987	2,486
Lease liabilities	15,273	(3,123)	4,512	4,512	1,342	-	-	-	-	-	1,292	15,931
Dividends paid to:												
- owners of the Company	-	(11,579)	-	-	-	11,579	-	-	-	-	-	-
- non-controlling interests	-	(1,536)	-	-	-	1,536	-	-	-	-	-	-
Advance from/ (repayment to) ultimate holding company and related parties (non-trade)	35,297	2,077	-	-	942	-	-	-	-	-	951	34,453
Total liabilities from financing activities	188,475	(52,100)	4,512	4,512	9,409	13,115	(15)	163,396	(83,180)	(2,117)	7,127	97,302

STATEMENTS OF CASH FLOWS cont'd

For the year ended 31 December 2020

Notes to statements of cash flows (continued)

(v) Changes in liabilities arising from financing activities (continued)

Company	At 1.1.2019		Addition of new lease		Interest paid		Other changes		Foreign exchange movement		At 31.12.2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revolving credits	3,700	(3,715)	-	-	15	-	-	-	-	-	-	-
Lease liabilities	252	(63)	-	-	10	(10)	-	-	-	-	-	429
Dividends paid to: - owners of the Company	-	(11,579)	-	-	-	11,579	-	-	-	-	-	-
Advance from/ (repayment to) ultimate holding company and related parties (non-trade)	12	1	-	-	-	-	-	-	-	-	-	-
Advance from/ (repayment to) subsidiaries (non-trade)	(9,077)	(33)	-	-	1,057	(10,559)	1,602	(17,010)	(6,349)	618	1,982	(20,759)
Total liabilities from financing activities	(5,113)	(15,389)	-	-	1,082	1,010	1,602	(16,808)	(14,441)	628	1,982	(20,330)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

Principal place of business

Lot 03-8, 8th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 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 company during the financial year is New Toyo International Holdings Ltd., a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited.

These financial statements were authorised for issue by the Board of Directors on 24 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The financial statements are expressed in Ringgit Malaysia ("RM").

Notes to the Financial Statements

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after the dates stated below:

Description	Effective for annual financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Definition of a Business (Amendments to MFRS 3 Business Combinations)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)	1 January 2020
COVID-19 – Related Rent Concessions (Amendment to MFRS 16 Leases)	1 June 2020
Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020

The nature and impact of the new and amended MFRSs are described below:

Definition of a Business (Amendments to MFRS 3 Business Combinations)

Under MFRS 3, the amendments to the definition of a business is to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the following:

- Minimum requirements to be a business;
- Market participants' ability to replace missing elements;
- Assessing whether an acquired process is substantive;
- Narrowed the definitions of outputs; and
- Introduced an optional concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, the Group does not have to revisit such transactions that occurred in prior periods. Earlier application is permitted and must be disclosed.

The application of these amendments has had no impact on the Group's and the Company's financial statements.

Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)

Under MFRS 101 and MFRS 108, the amendments were made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

Notes to the Financial Statements

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors) (continued)

The application of these amendments has had no impact on the Group's and the Company's financial statements.

Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures)

The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Applying the amendments, companies are not required to apply the MFRS 139 retrospective assessment, but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80% - 125% range during the period of uncertainty arising from the reform.

These amendments do not have a significant impact on the Group's and the Company's financial statements.

COVID-19 – Related Rent Concessions (Amendment to MFRS 16 Leases)

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 – related rent concessions that reduce lease payments due on or before 30 June 2021.

These amendments do not have a significant impact on the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual financial periods beginning on or after
Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	
(i) Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards : Subsidiary as a First-Time Adopter	1 January 2022
(ii) Amendments to MFRS 9 : Financial Instruments : Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
(iii) Illustrative Examples accompanying MFRS 16 : Leases : Lease Incentives	1 January 2022
(iv) Amendments to MFRS 141 : Agriculture : Taxation in Fair Value Measurements	1 January 2022

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective. (continued)

Description	Effective for annual financial periods beginning on or after
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments of MFRS 101 Presentation of Financial Statements)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	

The amendments provide a practical expedient whereby a company would not derecognise or adjust the carrying amount of financial instruments for modifications required by interest rate benchmark reform, but would instead update the effective interest rate to reflect the change in the interest rate benchmark. On hedging relationship, entities would be required to amend the formal designation of a hedging relationship to reflect the modifications and/or hedging instruments as a result of the reform. However, the modification does not constitute discontinuation of the hedging relationship nor the designation of a new hedging relationship.

The amendments shall apply for annual reporting periods beginning on or after 1 January 2021, retrospectively in accordance with MFRS 108 : *Accounting Policies, Changes in Accounting Estimates and Errors*, without the need to restate comparative information. Restatement of prior periods is permitted if, and only if, it is possible without the use of hindsight. Earlier application is permitted.

These amendments are not expected to have a material impact on the Group's and the Company's financial statements.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to MFRS Standards 2018 – 2020 Cycle

The Annual Improvements to MFRS Standards 2018 – 2020 include a number of amendments to various MFRSs, which are summarised below:

(i) Amendments to MFRS 9 Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

As part of its 2018 – 2020 annual improvements to MFRS standards process, MASB issued an amendment to MFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those part paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning or the annual period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

These amendments are not expected to have a material impact on the Group's and the Company's financial statements.

(ii) Illustrative Examples accompanying MFRS 16 : Leases : Lease incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying MFRS 16, to remove potential confusion regarding the treatment of lease incentives when applying MFRS 16.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

These amendments are not expected to have a material impact on the Group's financial statements.

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018. Early application is permitted. These amendments are not expected to have a significant impact on the Group's financial statements.

Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)

The amendments aim to promote consistency in applying the requirements by helping entities to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt an entity might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect entities' financial statements significantly. However, they could result in entities reclassifying some liabilities from current to non-current, and vice versa; this could affect an entity's loan covenants. Early application of the amendments is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)

The Amendments to MFRS 101 requires entities to disclose their material accounting policy information rather than their significant accounting policies. The Amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements.

To support the Amendments to MFRS 101, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The Amendments to MFRS 101 shall apply for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

2.4 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee;
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee;
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Notes to the Financial Statements

cont'd

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.9.

2.7 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.8 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the joint venture's profit or loss for the period in which the investment is acquired.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments in joint ventures (continued)

A joint venture is equity accounted for from the date on which the investee becomes a joint venture.

Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments : Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

(b) Contract value

Contract value represents exclusive rights to supply printed carton requirements in specific locations/regions. Contract value is measured at cost less any accumulated amortisation and any impairment losses. 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.

2.10 Foreign currency

(a) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at closing rate at the reporting date.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has unlimited useful life and therefore is not depreciated.

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

Leasehold land	Between	4 - 48 years
Buildings	Between	10 - 65 years
Plant and machinery	Between	3 - 15 years
Motor vehicles	Between	5 - 7 years
Furniture, fittings and office equipment	Between	3 - 10 years

Capital work-in-progress are not depreciated as these assets are not yet available for their commercial use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.12 Investment property

Investment property carried at cost

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

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 (2019: 52 years).

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

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.14 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

(a) Financial assets at fair value through OCI

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial assets (continued)

(b) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Impairment of financial assets

The Group and the Company consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on the weighted average basis.
- Raw materials and consumables: purchase costs on the weighted average cost basis.

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

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.18 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, contract liabilities and loans and borrowings.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-cumulating compensated absences such as sick leave are recognised when the absences occur.

(b) 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.

(c) Defined contribution plans

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-cumulating compensated absences such as sick leave are recognised when the absences occur.

(d) 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.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits (continued)

(d) Defined benefit plans (continued)

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.

2.22 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follow:

Land and buildings	Between	2 - 47 years
Plant and equipment	Between	2 - 5 years
Office equipment		3 years
Motor vehicles		2 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 2.13.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Leases (continued)

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.24 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

(a) Sales of goods

Revenue from contracts with customers is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(b) Interest income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.26 Sales and Service Tax ("SST")

When SST is incurred, SST is recognised as part of the expenses or cost of acquisition of the asset applicable as SST is not recoverable from the taxation authority.

2.27 Current versus non-current classification

The Group presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Fair value measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2.31.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's and the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

2.31.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Lease

The Group and the Company applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company 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.

(b) Impairment assessment of:

(i) Intangible assets, property, plant and equipment and right-of-use assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. All non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

The Group carried out the impairment test based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU") of the cash-generating units ("CGU") to which the intangible assets, property, plant and equipment and right-of-use assets were allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of the cash flows.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of the recoverable amounts.

Based on the Group's impairment review, a reversal of impairment loss for property, plant and equipment of RM353,000 (2019: impairment loss of RM9,160,000) was adjusted for in the current financial year. The net carrying amounts of the Group's intangible assets, property, plant and equipment and right-of-use assets at the reporting date are disclosed in Note 3, Note 4 and Note 6 respectively.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Significant accounting judgements and estimates (continued)

2.31.2 Key sources of estimation uncertainty

(b) Impairment assessment of (continued):

(ii) Investments in subsidiaries

The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. In assessing whether there is any indication that its investments in subsidiaries may be impaired, the Company considers the external and internal sources of information.

For the purpose of assessing impairment of investment in subsidiaries, the Company carried out impairment test based on the higher of FVLCD and VIU of the CGUs of the subsidiary. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU, growth rate and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Company believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of the recoverable amounts.

Based on the Company's impairment review, an impairment loss of RM3,148,000 (2019: RM40,776,000) was adjusted for the investments in a subsidiary in the current financial year. The net carrying amount of the Company's investments in subsidiaries at the reporting date is disclosed in Note 7.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land* RM'000	Buildings RM'000	Plant and machinery** RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Cost							
At 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
Additions	-	206	8,132	137	280	883	9,638
Disposals	-	-	(78)	(66)	(10)	-	(154)
Write off	-	-	(603)	-	(2,190)	-	(2,793)
Adjustments	-	-	1,343	15	28	(57)	1,329
Effect of movements in exchange rates	(77)	(533)	(5,878)	(11)	(181)	(179)	(6,859)
At 31 December 2020	4,229	35,121	485,340	1,425	13,086	3,779	542,980

Notes to the Financial Statements

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold land* RM'000	Buildings RM'000	Plant and machinery** RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Accumulated depreciation and impairment loss							
At 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
Charge for the year	115	1,687	35,511	218	1,336	-	38,867
(Reversal of)/impairment of property, plant and equipment loss	-	(61)	(1,417)	-	-	1,125	(353)
Disposals	-	-	(6)	(66)	(7)	-	(79)
Write off	-	-	(601)	-	(2,188)	-	(2,789)
Adjustments	-	-	1,301	24	4	-	1,329
Effect of movements in exchange rates	(27)	(220)	(3,528)	(10)	(95)	(66)	(3,946)
At 31 December 2020	1,482	12,404	310,587	1,114	8,123	2,539	336,249
Carrying amounts							
At 31 December 2019	2,912	24,450	203,097	402	6,086	1,652	238,599
At 31 December 2020	2,747	22,717	174,753	311	4,963	1,240	206,731

* Leasehold land is right-of-use asset.

** Included under plant and machinery are machine equipment with carrying amount of RM4.1 million (2019: RM0.5 million) which are not depreciated as they are not available for use as at financial year end.

Notes to the Financial Statements

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2019	285	405	690
Additions	8	-	8
Disposals	(8)	-	(8)
Write off	(7)	-	(7)
At 31 December 2019	278	405	683
Additions	155	137	292
Disposals	(7)	-	(7)
Write off	(116)	-	(116)
At 31 December 2020	310	542	852
Accumulated depreciation			
At 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
Charge for the year	49	107	156
Disposals	(4)	-	(4)
Write off	(114)	-	(114)
At 31 December 2020	146	290	436
Carrying amounts			
At 31 December 2019	63	222	285
At 31 December 2020	164	252	416

3.1 Leased assets

At 31 December 2020, the net carrying amounts of leased motor vehicle of the Group amounting to RM140,964 (2019: RM222,115) and the Company amounting to RM140,964 (2019: RM222,115) were under lease liability arrangements (see Note 4).

3.2 Security

Certain property, plant and equipment of a subsidiary with a total carrying amount of RM26,734,000 (2019: RM26,718,000) 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.

Notes to the Financial Statements

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3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Impairment testing of property, plant and equipment

The history of continuing losses of a subsidiary in Dubai indicated that its property, plant and equipment ("PPE") with carrying amounts of RM36,134,000 (2019: RM47,634,000) may be impaired.

The Group has calculated the recoverable amount of the PPE to be RM36,487,000 based on value in use which was determined by discounting the future cash flows generated from the continuing use of the PPE and was based on the following key assumptions:

- (i) Cash flows were projected based on a post-tax basis and correspondingly, post-tax discount rate was used.
- (ii) Cash flows were projected based on the 1 year (2019: 1 year) base financial budget approved by the Board of Directors in November 2020.
- (iii) Terminal value at end of year 5 is based on year 5 projected cashflow discounted at the operating subsidiary's post-tax discount rate.
- (iv) Tax rate is assumed to be zero.
- (v) An anticipated revenue growth rate of 104%, 43%, 2%, 2% and 2% in 2021, 2022, 2023, 2024 and 2025 respectively and thereafter terminal growth rate of 2%, which was based on inflation rate, was used in the cash flows.
- (vi) Discount rate used of 9.0% is based on the country's weighted average cost of capital ("WACC") rate (post-tax discount rate), incorporating the country's risk premium, and an additional premium to factor in risk of cash flow projection inaccuracy.

The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth rate
- Discount rate used
- Terminal growth rate

Any unfavourable deviation to the above assumptions will result in further impairment to the Group.

The Group has also engaged independent valuers to perform valuations on the PPE. The independent valuers had issued their valuation reports on 23 December 2020 and 31 December 2020, and estimated the fair value of building, plant and machinery and capital work-in-progress in the Dubai subsidiary to be RM36,487,000.

The fair value of building in Dubai was derived using income capitalisation approach and the fair value of plant and machinery and capital work-in-progress was derived using market approach and replacement cost approach.

- The capitalisation approach capitalise the net rental income that reflects the present and potential income growth over the remaining lease term.
- Market approach considers 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.
- Replacement cost approach considers the estimated cost of acquiring a new or substitute asset having the same productive capacity as that existing, together with the associated expenses directly related to the installation of the asset.

Both the valuation and the value in use of RM36,487,000 is higher than the carrying amount of the PPE in the Dubai subsidiary as at 31 December 2020. Accordingly, a reversal of impairment loss of RM353,000 (2019: impairment loss of RM9,160,000) has been recognised for the financial year ended 31 December 2020.

Notes to the Financial Statements

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4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

4.1 Right-of-use assets

Group	Land and buildings RM'000	Plant and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 January 2019	14,961	60	-	-	15,021
Additions	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
Additions	2,649	283	29	7	2,968
Disposals	(2,289)	(125)	-	-	(2,414)
Effect of movement in exchange rates	(340)	(3)	-	(3)	(346)
At 31 December 2020	19,188	574	29	170	19,961
Accumulated depreciation					
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
Depreciation	2,846	255	10	85	3,196
Disposals	(304)	(28)	-	-	(332)
Effect of movement in exchange rates	(87)	(3)	-	-	(90)
At 31 December 2020	4,713	299	10	119	5,141
Carrying amounts					
At 31 December 2019	16,910	344	-	132	17,386
At 31 December 2020	14,475	275	19	51	14,820

The Group leases a number of land and buildings, warehouses, office equipment and factory equipment that run between 2 to 47 years (2019: 2 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.

Notes to the Financial Statements

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4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

4.1 Right-of-use assets (continued)

Restriction imposed by lease

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

Company	Office buildings RM'000
Cost	
At 1 January 2019	-
Additions	-
<hr/>	
At 31 December 2019	-
Additions	349
<hr/>	
At 31 December 2020	349
<hr/>	
Accumulated depreciation	
At 1 January 2019	-
Depreciation	-
<hr/>	
At 31 December 2019	-
Depreciation	44
<hr/>	
At 31 December 2020	44
<hr/>	
Carrying amounts	
At 31 December 2019	-
<hr/>	
At 31 December 2020	305
<hr/>	

The Company has leased an office building that run for 2 years with renewal option included in the agreement.

Notes to the Financial Statements

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4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

4.2 Lease liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current	2,906	2,427	242	66
Non-current	13,025	15,743	187	123
Total lease liabilities	15,931	18,170	429	189

The movement of lease liabilities during the financial year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	18,170	15,273	189	252
Additions	2,807	4,512	348	-
Disposal	(2,117)	-	-	-
Accretion of interest (Note 21)	1,292	1,342	10	10
Payments	(3,947)	(3,123)	(118)	(63)
Effect of movement in exchange rates	(270)	166	-	-
Others	(4)	-	-	(10)
At 31 December	15,931	18,170	429	189

The maturities of the lease liabilities are disclosed in Note 29.4.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets	3,196	2,374	44	-
Interest expense on lease liabilities	1,292	1,342	10	10
Expense relating to short term leases	1,247	1,999	120	165
Expense relating to low-value assets	14	15	14	15
Total amount recognised in profit or loss	5,749	5,730	188	190

The Group and the Company had total cash outflows for leases of RM5,208,000 and RM252,000 respectively (2019: RM5,137,000 and RM243,000 respectively).

Notes to the Financial Statements

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5. INVESTMENT PROPERTIES

	2020 RM'000	Group 2019 RM'000
Cost		
At 1 January and 31 December	445	445
Accumulated depreciation		
At 1 January	77	68
Charge for the year	8	9
At 31 December	85	77
Carrying amount		
At 31 December	360	368

The following are recognised in profit or loss:

	2020 RM'000	Group 2019 RM'000
Direct operating expenses:		
- non-income generating investment property	2	1

Fair value information

The fair value of investment property is categorised as follows:

	2020 RM'000	Group 2019 RM'000
Residential quarter	751	773

Level 3 fair value

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the significant unobservable input used in the valuation model.

Description of valuation technique and input used	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
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: (2020: RM455, 2019: RM469)	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 values RM'000	Total RM'000
Cost				
At 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
Additions		-	4,029	4,029
Effect of movements in exchange rates		(731)	(802)	(1,533)
At 31 December 2020		66,376	60,376	126,752
Amortisation				
At 1 January 2019		-	48,515	48,515
Amortisation for the year	6.1	-	3,959	3,959
Effect of movements in exchange rates		-	(630)	(630)
At 31 December 2019		-	51,844	51,844
Amortisation for the year	6.1	-	2,502	2,502
Effect of movements in exchange rates		-	(828)	(828)
At 31 December 2020		-	53,518	53,518
Carrying amounts				
At 31 December 2019		67,107	5,305	72,412
At 31 December 2020		66,376	6,858	73,234

6.1 Amortisation

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

Notes to the Financial Statements

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6. INTANGIBLE ASSETS (continued)

6.2 Goodwill and contract values

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

	Note	2020 RM'000	Group 2019 RM'000
Goodwill	6.2.1	66,376	67,107
Contract Values			
Max Ease International Limited	6.2.2	3,223	-
PT Bintang Pesona Jagat	6.2.3	3,635	5,305
		6,858	5,305
		73,234	72,412

6.2.1 Impairment testing of goodwill

The recoverable amount of goodwill was based on value in use calculations. The recoverable amount of the Group's cash-generating unit ("GCGU") covering operations in Vietnam, Hong Kong and Indonesia is higher than the carrying amount of the cash-generating unit and hence no impairment loss was recognised during the year.

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 the 1 year (2019: 1 year) base financial budget approved by the Board of Directors in November 2020.
- (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 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.
- (v) An anticipated revenue growth rate at 5% in 2021, 22% in 2022, and thereafter 3% from 2023 to 2025 and thereafter terminal growth rate at 3% (2019: 18% for 2020 and 3% each year from 2021 to 2024 and thereafter growth based on inflation rate ranged from 2% to 3%) were used in the cash flows. The anticipated revenue growth for 2021 is derived based on discussions on production planning with the customers of the Group.

Notes to the Financial Statements

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6. INTANGIBLE ASSETS (continued)

6.2 Goodwill and contract values (continued)

6.2.1 Impairment testing of goodwill (continued)

- (vi) Discount rate used for each respective country is based on the country's weighted average cost of capital ("WACC") rate (post-tax discount 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	2020	2019
Vietnam	11% (pre-tax : 12.3%)	12.1% (pre-tax : 12.6%)
Hong Kong	9.5% (pre-tax : 9.5%)	7.4% (pre-tax : 7.6%)
Indonesia	14.5% (pre-tax : 17.5%)	11.3% (pre-tax : 12.2%)

- (vii) The Group is expected to successfully renew its rights to supply major customers' printed carton requirements upon the expiry of the agreement and to continue to supply over the projected period.

The calculation of value in use is most sensitive to the following assumptions:

- Revenue growth rate
- Discount rate used
- Terminal growth rate

Management believes that any reasonable change in the key assumptions would not cause the carrying amount of the GCGU to exceed the recoverable amount.

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

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

On 18 March 2020, Directors made an announcement that Max Ease International Ltd, a 51% owned subsidiary of TWPB 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.

Notes to the Financial Statements

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6. INTANGIBLE ASSETS (continued)

6.2 Goodwill and contract values (continued)

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

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	112,275	112,275
Amounts due from subsidiaries	99,380	100,189
Less: Accumulated impairment loss	(80,259)	(77,111)
	131,396	135,353

The details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	Effective ownership interest	
			2020 %	2019 %
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") (+)	United Arab Emirates	Packing and packaging material manufacturing	100	100
New Toyo Investment Pte. Ltd. ("NTIV") (*)	Singapore	Investment holding	100	100

Notes to the Financial Statements

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7. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of companies	Country of incorporation	Principal activities	Effective ownership interest	
			2020 %	2019 %
Max Ease International Limited ("MEIL") (*)	Hong Kong	Investment holding and trading of cigarette packaging boxes	51	51
Subsidiary of MEIL:				
i. Anzpac Services (Australia) Pty. Ltd. ("Anzpac") (+)	Australia	Dormant	51	51
ii. Max View Holdings Limited ("MVHL") (+)	Hong Kong	Investment holding	51	51
iii. PT Bintang Pesona Jagat ("BPJ") (*)	Indonesia	Printing and supplies of printing products	51	51
Subsidiary of NTIV:				
i. Alliance Print Technologies Co. Ltd. ("APT") (*)	Vietnam	Provision of printing services for tobacco packaging and paper services in general	100	100

* Audited by member firms of Ernst & Young Global Limited.

+ Not audited by member firms of Ernst & Young Global Limited.

7.1 Impairment on investment in a subsidiary

In the current financial year, an intercompany financing of RM99,380,000 (2019: RM 100,189,000) 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% (2019: 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 investments 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 positions 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. The Group has calculated the recoverable amount of the investment in the subsidiary to be RM22,456,000 based on value in use which was determined by discounting the future cash flows generated by the subsidiary and was based on the same key assumptions as disclosed in Note 3.3.

As the Company's cost of investments before impairment adjustment of RM25,604,000 was higher than the recoverable amount of the investment in this subsidiary, an impairment loss of RM3,148,000 (2019: RM40,776,000) was made and recognised in "other expenses".

Notes to the Financial Statements

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7. INVESTMENTS IN SUBSIDIARIES (continued)

7.1 Impairment on investment in a subsidiary (continued)

The impairment assessment are sensitive to changes to the key assumptions and any significant adverse movement in these assumptions could impact the results of the impairment test.

Revenue growth - The revenue projection are based on management's estimate of new sales to be secured based on discussion with customers. Any decrease of the sales by 0.1% would result in a further impairment of RM47,000.

Discount rate - Any increase in the discount rate of 0.1% would result in a further impairment of RM626,000.

Terminal growth rate - The terminal growth rate has been assumed to be the inflation rate of 2%. A reduction of 0.1% in the terminal growth rate would result in further impairment of RM446,000.

7.2 Non-controlling interests in subsidiaries

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

	MEIL Group	
	2020	2019
NCI percentage of ownership interest and voting interest	49%	49%

	MEIL Group	
	2020	2019
	RM'000	RM'000
Carrying amount of NCI	44,260	43,778
Profit allocated to NCI	3,673	4,055

Summarised financial information before intra-group elimination

	MEIL Group	
	2020	2019
	RM'000	RM'000
As at 31 December		
Non-current assets	117,488	131,652
Current assets	118,058	127,915
Non-current liabilities	(94,178)	(109,325)
Current liabilities	(46,949)	(56,377)
Net assets	94,419	93,865
Year ended 31 December		
Revenue	207,499	270,368
Profit for the year	7,769	7,940
Total comprehensive income	7,066	7,845

Notes to the Financial Statements

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7. INVESTMENTS IN SUBSIDIARIES (continued)

7.2 Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination (continued)

	MEIL Group	
	2020 RM'000	2019 RM'000
Cash flows generated from/(used in):		
- operating activities	57,202	35,662
- investing activities	(1,152)	(4,039)
- financing activities	(67,740)	(17,656)
Net increase in cash and cash equivalents	(11,690)	13,967
Dividend paid to NCI	(3,191)	(1,536)

7.3 Restrictions and covenants imposed by banks

	Group	
	2020 RM'000	2019 RM'000
Cash and cash equivalents	16,062	22,346
Other assets	143,275	152,015
	159,337	174,361

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 and APT from declaring dividends without prior written consent of the bank.

Notes to the Financial Statements

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8. INVESTMENTS IN JOINT VENTURES

Group	TVDP RM'000	2020 LCTW RM'000	Total RM'000	TVDP RM'000	2019 LCTW RM'000	Total RM'000
At cost:						
Unquoted shares	6,430	37,000	43,430	6,430	37,000	43,430
Share of post-acquisition reserves	(2,283)	(3,011)	(5,294)	(1,466)	(2,672)	(4,138)
Elimination of unrealised profit	-	(5,000)	(5,000)	-	(5,000)	(5,000)
	4,147	28,989	33,136	4,964	29,328	34,292

Company	TVDP 2020 RM'000	TVDP 2019 RM'000
Unquoted shares, at cost	6,430	6,430

Details of the joint venture are as follows:

Name of joint venture company	Country of incorporation	Principal activities	Effective ownership interest (%)	
			2020	2019
Toyo (Viet)-Dofico Print Packaging Co., Ltd. ("TVDP")	Vietnam	Manufacture aluminium paper, paper core, board paper, tipping paper, plastic film and box printing	50	50
Lum Chang Tien Wah Property Sdn. Bhd. ("LCTW")	Malaysia	Property development and property investment	50	50

Summarised financial information

Group	TVDP RM'000	2020 LCTW RM'000	Total RM'000	TVDP RM'000	2019 LCTW RM'000	Total RM'000
As at 31 December						
Non-current assets	16,089	67,626	83,715	18,427	69,011	87,438
Current assets	3,677	1,018	4,695	5,406	-	5,406
Non-current liabilities	-	(18)	(18)	-	(60)	(60)
Current liabilities	(12,263)	(666)	(12,929)	(14,304)	(543)	(14,847)
Cash and cash equivalents	723	19	742	332	248	580
Total net assets	8,226	67,979	76,205	9,861	68,656	78,517

Year ended 31 December

Loss/other comprehensive loss for the year	(1,559)	(677)	(2,236)	(898)	(1,611)	(2,509)
Total comprehensive loss	(1,559)	(677)	(2,236)	(898)	(1,611)	(2,509)

Notes to the Financial Statements

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8. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information (continued)

Group	TVDP RM'000	2020 LCTW RM'000	Total RM'000	TVDP RM'000	2019 LCTW RM'000	Total RM'000
Year ended 31 December (continued) Included in the total comprehensive income are:						
Revenue	9,007	1,131	10,138	12,218	180	12,398
Depreciation and amortisation	(2,028)	(1,385)	(3,413)	(1,385)	(1,385)	(2,770)
Interest income	1	3	4	1	52	53
Interest expense	(35)	(4)	(39)	(91)	-	(91)
Income tax expense	-	(15)	(15)	-	(12)	(12)
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	4,113	33,989	38,102	4,931	34,328	39,259
Elimination of unrealised profit	-	(5,000)*	(5,000)*	-	(5,000)*	(5,000)*
Unrecognised share of other comprehensive loss	34	-	34	33	-	33
Carrying amount in the statement of financial position	4,147	28,989	33,136	4,964	29,328	34,292
Group's share of results for year ended 31 December						
Group's share of loss	(779)	(339)	(1,118)	(449)	(806)	(1,255)
Group's share of other comprehensive (loss)/income	(282)	-	(282)	(244)	-	(244)
Group's share of total comprehensive loss	(1,061)	(339)	(1,400)	(693)	(806)	(1,499)

* In the financial year ended 31 December 2020, 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 (2019: 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 (2019: RM5 million) in LCTW.

Notes to the Financial Statements

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9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	1,369	909	(3,011)	(2,747)	(1,642)	(1,838)
Provisions	406	785	-	-	406	785
Contract assets	(104)	-	-	(50)	(104)	(50)
Other items	-	-	-	-	-	-
Net tax assets/(liabilities)	1,671	1,694	(3,011)	(2,797)	(1,340)	(1,103)

Movement in temporary differences during the year

Group	As at 1.1.2019 RM'000	Recognised in profit or loss RM'000 (Note 25)	Recognised other comprehensive income RM'000 (Note 23)	As at 31.12.2019 RM'000	Recognised in profit or loss RM'000 (Note 25)	Recognised other comprehensive income RM'000 (Note 23)	As at 31.12.2020 RM'000
	Property, plant and equipment	(2,718)	924	(44)	(1,838)	30	166
Provisions	495	282	8	785	(89)	(290)	406
Contract assets	(255)	205	-	(50)	(57)	3	(104)
	(1,944)	861	(20)	(1,103)	(116)	(121)	(1,340)

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 and the Company against which those subsidiaries and the Company can utilise the benefits therefrom.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses	48,100	44,394	4,341	2,527
Unabsorbed capital allowances	3,994	10,161	228	96
Others	141	213	141	213

Notes to the Financial Statements

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

Unrecognised deferred tax assets (continued)

Following the gazetting of the Finance Act 2018 on 27 December 2018, the unutilised tax losses can only be carried forward to a maximum period of seven consecutive years of assessment for offset against future aggregate of statutory income. The following table shows the accumulated taxable loss allowances from the previous and current period of the subsidiaries and the Company in Malaysia:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses				
- Expire by 31 December 2025	13,450	13,450	1,122	1,122
- Expire by 31 December 2026	1,405	1,405	1,405	1,405
- Expire by 31 December 2027	1,854	-	1,814	-
	16,709	14,855	4,341	2,527

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade					
Trade receivables from contracts with customers	10.1	39,366	59,869	-	-
Related companies	10.1	1,392	1,796	-	-
		40,758	61,665	-	-
Non-trade					
Subsidiaries	10.2	-	-	34,088	27,150
Joint venture	10.3	10,794	10,888	604	1,124
Other receivables	10.4	12,185	8,278	6,584	6,676
Deposits		790	887	6	7
Prepayments		3,739	9,664	44	63
		68,266	91,382	41,326	35,020
Non-current					
Subsidiaries	10.2	-	-	4,993	-
Other receivables	10.4	988	4,208	-	-
		988	4,208	4,993	-

Notes to the Financial Statements

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10. TRADE AND OTHER RECEIVABLES (continued)

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 (2019: 30 days to 90 days).

10.2 Amount due from subsidiaries - Company

Included in the amount due from subsidiaries are advances of RM29,407,928 (2019: RM21,495,621) which are unsecured, subject to interest of up to 3.58% (2019: 4.21%) per annum, except for an amount of RM4,993,000 (2019: RM nil) which are expected to be repaid by the subsidiary progressively by 2024.

10.3 Amounts due from joint venture

The amounts due from joint venture are interest free and repayable on demand.

10.4 Other receivables

Included in other receivables of the Group and the Company is a deferred payment of RM6,567,000 (2019: RM6,660,000) 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 33 to the financial statements.

Included in other receivables of the Group is a tax recoverable amount of RM988,000 (2019: RM4,208,000).

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:

Group	Gross amount RM'000	Balance that are set off RM'000	Net carrying amount in the statement of financial position RM'000
2020			
Other receivables	501	(501)	-
Other payables	(857)	501	(356)
<hr/>			
2019			
Other receivables	1,129	(1,129)	-
Other payables	(1,630)	1,129	(501)
<hr/>			

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

	2020 RM'000	Group 2019 RM'000
Raw materials and consumables	42,293	71,406
Work-in-progress	1,202	2,766
Finished goods	8,976	7,262
	52,471	81,434
Carrying amount of inventories pledged as security for bank borrowings (see Note 17)	20,147	20,433
Recognised in profit or loss:		
Inventories recognised as cost of sales	245,272	318,469
Write-down to net realisable value	-	190
Allowance for inventories obsolescence	734	42
Reversal of write-down to net realisable value	(216)	-
Inventories written-off	22	1,188

12. CONTRACT ASSETS/(LIABILITIES)

	Note	2020 RM'000	Group 2019 RM'000
Contract assets	12.1	8,215	8,684
Contract liabilities			
- Within 1 year		(77)	(2,248)
- More than 1 year		-	(1,839)
	12.2	(77)	(4,087)

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 year.

Notes to the Financial Statements

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13. CASH AND BANK BALANCES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at bank and on hand		22,505	32,580	2,155	2,359
Short term investments	13.1	3,887	2,905	2,376	2,905
Deposit placed with licensed bank	13.2	122	119	-	-
		26,514	35,604	4,531	5,264

13.1 Short term investments

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Quoted in Malaysia					
- Unit trust funds		3,887	2,905	2,376	2,905

13.2 Deposit placed with licensed bank

The deposit with licensed bank of the Group represents deposit with maturity period of 12 months (2019: 12 months) and earns interests at the rate of 3.15% (2019: 3.15%) per annum.

14. SHARE CAPITAL

Group and Company	2020		2019	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '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.

15. RESERVES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable:					
Translation reserve	15.1	20,355	22,547	-	-
Other reserve	15.2	279	-	-	-
Distributable:					
Retained profits		104,516	113,654	13,707	14,515
		125,150	136,201	13,707	14,515

Notes to the Financial Statements

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15. RESERVES (continued)

15.1 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

15.2 Other reserve

Other reserve comprises reserve on valuation by actuaries of defined employee benefit obligations in respect of a foreign subsidiary company.

16. EMPLOYEE BENEFITS

Retirement benefits and other employee benefits

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total present value of unfunded obligations		2,112	2,380	-	473
Recognised liability for defined benefit obligations	16.1	2,112	2,380	-	473
Provision for annual leave		176	141	92	141
Total employee benefits		2,288	2,521	92	614
Analysed as:					
- Non-current		2,112	1,907	-	-
- Current		176	614	92	614
		2,288	2,521	92	614

16.1 Defined benefit obligation

One of the Group's subsidiaries, BPJ makes contributions to non-contributory defined benefit plans that provides pension for eligible employees upon retirement. The plans entitle employees to receive payment for their years of services the employee provided up to the date of their retirement.

The employee benefit liability was based on calculation performed by an independent actuary, as per its report dated 11 January 2021 (2019: 10 January 2020). The estimated liabilities for defined benefit obligations have been determined using the following assumptions:

	Group	
	2020	2019
Discount rate	7.5%	8.0%
Salary increase rate	8.0%	8.0%
Mortality table	TMI4	TMI3
Retirement age	57 years old	57 years old

Notes to the Financial Statements

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16. EMPLOYEE BENEFITS (continued)

16.1 Defined benefit obligation (continued)

The following table demonstrates the sensitivity to a reasonably possible change in discount rates, with all other variables held constant, of the obligation for post-employment and current service cost as of 31 December 2020:

	Increase RM'000	Group 2020 Decrease RM'000
Change in discount rate of 1%:		
Present value of employee benefit obligations	(174)	206
Change in salary increase rate 1%:		
Present value of employee benefit obligations	205	(176)

The maturity profile of undiscounted define employee service entitlement as of 31 December 2020 is as follow:

	Group 2020 RM'000
Within the next 12 months	142
Between 2 and 5 years	1,812
Between 5 and 10 years	1,563
More than 10 years	26,750

In addition, in accordance with the United Arab Emirates Labour Law, the Group's subsidiary, APTF, makes contribution to defined benefit plans for employees who complete one or more year of continuous services.

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

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Balance at 1 January	2,380	1,752	473	473
Included in profit or loss				
Current service cost	975	622	-	-
Net retirement benefits expenses	975	622	-	-
Included in other comprehensive income				
Remeasurements gain of employee benefits	(547)	-	-	-
	(547)	-	-	-
Others				
Benefits paid/used by the plan	(664)	(31)	(473)	-
Effect of movements in exchange rate	(32)	37	-	-
	(696)	6	(473)	-
Defined benefit obligations at 31 December	2,112	2,380	-	473

Notes to the Financial Statements

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17. LOANS AND BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Term loans - secured	16,389	35,842	-	-
Revolving credits - secured	-	11,510	-	-
Revolving credits - unsecured	2,016	-	-	-
	18,405	47,352	-	-
Current				
Term loans - secured	11,332	11,214	-	-
Revolving credits - unsecured	14,695	35,893	-	-
Trust receipts	2,486	12,451	-	-
	28,513	59,558	-	-
Total loans and borrowings	46,918	106,910	-	-

The information about the Group's and the Company's exposure to interest rate and foreign currency risk is disclosed in Note 29.

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 (2019: 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 (2019: USD15 million);
- (iv) Inventories of a subsidiary amounting to USD5 million (2019: USD5 million) are pledged to a bank; and
- (v) Current ratio of BPJ at minimum of 1.0 times (2019: 1.0 times).

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18. PROVISION FOR LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance at 1 January	-	-	-	-
Provision made	157	-	-	-
Unwinding of discount	97	-	-	-
Effect of movements in exchange rate	(3)	-	-	-
At 31 December	251	-	-	-
Analysed as:				
- Non-current	251	-	-	-

In the current financial year, a provision of RM251,000 has been recognised for premises reinstatement and restoration costs. The provision is estimated using the assumption that reinstate and restore expenses only take place upon the expiry of the lease terms of 2 and 47 years. The provision has been estimated based on the current conditions of the premises, at the estimated costs to be incurred upon the expiry of the lease terms and discounted using the risk-free rate in the jurisdiction of the liability.

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade					
Trade payables	19.1	30,894	56,520	-	-
Related companies	19.1	8,641	6,323	-	-
		39,535	62,843	-	-
Non-trade					
Other payables		6,853	4,981	50	59
Accruals		11,198	10,619	610	635
Related companies	19.2	-	67	-	-
Subsidiaries	19.3	-	-	18,322	10,140
Ultimate holding company	19.4	213	4,918	-	13
		18,264	20,585	18,982	10,847
		57,799	83,428	18,982	10,847

Notes to the Financial Statements

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19. TRADE AND OTHER PAYABLES (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current Non-trade					
Ultimate holding company	19.4	34,241	33,331	-	-

19.1 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.

19.2 Amount due to related companies

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

19.3 Amount due to subsidiaries

Amounts due to subsidiaries are unsecured, subject to interest rate at 3.04% (2019: 3.20%) per annum and repayable on demand.

19.4 Amount due to ultimate holding company

Group

The non-current amounts due to ultimate holding company amounting RM34,241,000 (2019: RM33,331,000) are subject to fixed interest rate at 2.74% (2019: 2.75%) per annum.

Company

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

20. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	277,394	346,255	-	-
Dividend income	-	-	11,037	10,549
	277,394	346,255	11,037	10,549

20.1 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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20. REVENUE (continued)

20.2 Nature of goods and services

Nature of goods or services	Timing 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

21. FINANCE INCOME/(COSTS)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Interest income of financial assets calculated using the effective interest method that are at amortised costs	170	659	4,456	4,623
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- subsidiaries	-	-	(618)	(1,057)
- trust receipts	(987)	(893)	-	-
- term loans	(2,430)	(3,431)	-	-
- revolving credits	(1,468)	(2,802)	-	(15)
- ultimate holding company	(957)	(941)	-	-
- lease liabilities	(1,292)	(1,342)	(10)	(10)
- unwinding of discount on provision for liabilities	(97)	-	-	-
	(7,231)	(9,409)	(628)	(1,082)
Net finance (costs)/income	(7,061)	(8,750)	3,828	3,541

Notes to the Financial Statements

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22. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(loss) before taxation arrived at after charging:				
Material expenses				
Amortisation of intangible assets (Note 6)	2,502	3,959	-	-
Auditors' remuneration:				
- Audit fees				
EY Malaysia/2019: KPMG Malaysia	237	149	225	137
Overseas affiliates of EY Malaysia/2019: KPMG Malaysia	191	264	-	-
Other auditors	51	34	-	-
- Non-audit fees				
EY Malaysia/2019: KPMG Malaysia	15	23	15	23
Other auditors	-	1	-	-
Depreciation of:				
- property, plant and equipment (Note 3)	38,867	46,164	156	131
- right-of-use assets (Note 4)	3,196	2,374	44	-
- investment property (Note 5)	8	9	-	-
Loss on disposal of:				
- property, plant and equipment	-	-	2	-
Property, plant and equipment written-off	2	39	2	3
Inventories written-off	22	1,188	-	-
Allowance for inventories obsolescence	734	42	-	-
Write down of inventories to net realisable value	-	190	-	-
Personnel expenses (including other key management personnel):				
- contributions to statutory pension funds	348	462	348	458
- wages, salaries and others	35,384	43,525	4,403	5,478
Expenses related to employee benefits:				
- terminations benefit paid	1,068	-	1,068	-
- provision for long term service leave	975	622	-	-
- redundancy expense	-	421	-	-
- provision for annual leave	41	(106)	(49)	(106)
Total employee benefits	2,084	937	1,019	(106)
Impairment loss on:				
- property, plant and equipment	-	9,160	-	-
- investment in a subsidiary	-	-	3,148	40,776
Foreign exchange loss:				
- realised	1,797	772	-	-
- unrealised	3,156	1,954	2,724	2,305
Expenses arising from leases				
Expenses relating to short-term leases (Note 4)	1,247	1,999	120	165
Expenses relating to leases of low-value assets (Note 4)	14	15	14	15
and after crediting:				
Material income				
Gain on disposal of:				
- property, plant and equipment	244	34	-	-
- modification/termination of leases	35	-	-	-
Gross dividend income from				
- unquoted subsidiaries	-	-	11,037	10,549
Reversal of allowance for:				
- write-down of inventories to net realisable value	216	-	-	-
- property, plant and equipment	353	-	-	-
- impairment on trade receivables	-	209	-	-
Foreign exchange gain:				
- realised	396	734	396	660
- unrealised	-	2,099	-	-

Notes to the Financial Statements

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23. OTHER COMPREHENSIVE LOSS

Group	Before tax RM'000	Tax expense (Note 9) RM'000	Net of tax RM'000
2020			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of employee benefits obligation	661	(114)	547
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations - Loss arising during the year	(2,798)	(7)	(2,805)
	(2,137)	(121)	(2,258)
2019			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations - Loss arising during the year	(1,963)	(20)	(1,983)

24. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
- fees	300	300	300	300
- remuneration	1,678	1,460	1,678	1,460
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	262	473	262	473
	2,240	2,233	2,240	2,233

Notes to the Financial Statements
cont'd**24. KEY MANAGEMENT PERSONNEL COMPENSATION** (continued)

The key management personnel compensations are as follows (continued):

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Group entities				
- fees	47	46	-	-
- remuneration	1,919	2,251	-	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	829	760	-	-
	2,795	3,057	-	-
Other key management personnel:				
- remuneration and short-term employee benefits	2,772	986	2,772	986
	7,807	6,276	5,012	3,219

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.

25. TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense				
Malaysian				
- current year	56	152	-	-
- prior year	3	-	-	-
	59	152	-	-
Overseas				
- current year	972	1,648	-	-
- prior year	(198)	764	-	-
	833	2,564	-	-
Deferred tax expense (Note 9)				
Origination and reversal of temporary differences	116	(76)	-	-
Over provision in prior year	-	(785)	-	-
	116	(861)	-	-
Withholding tax	48	43	48	43
Total income tax expense	997	1,746	48	43

Notes to the Financial Statements

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25. TAXATION (continued)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before taxation	3,838	(14,198)	7,201	(30,860)
Income tax using Malaysian tax rate of 24%	921	(3,408)	1,728	(7,406)
Effect of tax rate in foreign jurisdictions	881	3,627	-	-
Non-deductible expenses	762	3,504	1,520	10,712
Effect of deferred tax asset not recognised	450	56	450	-
Effect of lower tax rates on capital gains	559	323	-	-
Tax exempt income	(1,358)	(1,268)	(3,698)	(3,306)
Withholding tax	48	43	48	43
Current year losses for which no deferred tax asset was recognised	-	1	-	-
Under/(over) provision in prior years	(194)	(21)	-	-
Utilisation of previously unrecognised tax losses	(1,072)	(1,111)	-	-
	997	1,746	48	43

26. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 December 2020 was based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares as follows:

	Group	
	2020	2019
	RM'000	RM'000
Loss for the year attributable to ordinary shareholders	(1,177)	(20,045)
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 January/31 December	144,743	144,743
Basic loss per ordinary share (sen)	(0.81)	(13.85)

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27. DIVIDENDS

	Sen per share (single-tier)	Total amount RM'000	Date of payment
2020			
Final 2019 ordinary	5.50	7,961	28 August 2020
2019			
Final 2018 ordinary	8.00	11,579	1 July 2019

On 29 March 2021, the Directors recommended a final single-tier dividends in respect of the financial year ended 31 December 2020 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.

28. 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.

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.

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28. OPERATING SEGMENTS (continued)

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.

	Printing & trading	
	2020	2019
	RM'000	RM'000
Reporting segment profit	58,544	50,322
Included in the measure of segment profit are:		
Revenue from external customers	277,394	346,255
Not included in the measure of reporting segment profit but provided to Board of Directors:		
Depreciation and amortisation	(44,138)	(52,140)
Finance costs	(12,525)	(13,962)
Finance income	1,735	1,344
Segment assets	408,443	459,636
Included in the measure of segment assets are:		
Additions to non-current assets other than financial instruments and deferred tax assets	9,347	32,447
Segment liabilities	(339,685)	(396,093)
Included in the measure of segment liabilities are:		
Deferred tax liabilities and income tax payables	(511)	(583)

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

	Group	
	2020	2019
	RM'000	RM'000
Profit or loss		
Total profit for reporting segments	58,544	50,322
Other non-reportable segments	10,852	(34,613)
Elimination of inter-segment profits	(12,806)	32,604
Depreciation and amortisation	(44,573)	(52,506)
Finance income	170	659
Finance costs	(7,231)	(9,409)
Share of loss of joint ventures not included in reportable segments	(1,118)	(1,255)
Consolidated profit/(loss) before taxation	3,838	(14,198)

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28. OPERATING SEGMENTS (continued)

	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 venture RM'000	Addition to non- current assets RM'000
2020								
Total reportable segments	277,394	(44,138)	(12,525)	1,735	408,443	(339,685)	-	9,346
Other non-reportable segments	-	(435)	(631)	8,491	315,219	(12,156)	33,136	292
Elimination of inter - segment transactions or balances	-	-	5,925	(10,056)	(237,038)	190,814	-	-
Consolidated total	277,394	(44,573)	(7,231)	170	486,624	(161,027)	33,136	9,638
2019								
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

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 investments in joint venture) and deferred tax assets.

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Geographical information				
Singapore	96,658	124,321	-	-
Indonesia	103,973	129,846	56,941	60,778
Korea	34,463	47,245	-	-
Australasia	8,675	11,723	875	1,102
Malaysia	2,498	5,310	1,488	1,220
Vietnam	2,263	2,423	136,353	156,744
Hong Kong	639	164	57,957	64,952
United Arab Emirates	19,258	14,492	41,531	43,969
Other countries	8,967	10,731	-	-
	277,394	346,255	295,145	328,765

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28. OPERATING SEGMENTS (continued)**Major customers**

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

	2020 RM'000	2019 RM'000
All common control companies of:		
- British American Tobacco Group	214,144	283,045
- Philip Morris International Group	40,797	45,244

29. FINANCIAL INSTRUMENTS**29.1 Categories of financial instruments**

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

	2020		2019	
	Carrying amount RM'000	AC RM'000	Carrying amount RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables (excluding prepayments)	65,515	65,515	85,926	85,926
Cash at bank and on hand	22,505	22,505	32,580	32,580
Deposit placed with licensed bank	122	122	119	119
	88,142	88,142	118,625	118,625
Company				
Trade and other receivables (excluding prepayments)	46,275	46,275	34,957	34,957
Cash at bank and on hand	2,155	2,155	2,359	2,359
	48,430	48,430	37,316	37,316

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29. FINANCIAL INSTRUMENTS (continued)**29.1 Categories of financial instruments** (continued)

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

	2020		2019	
	Carrying amount RM'000	AC RM'000	Carrying amount RM'000	AC RM'000
Financial liabilities				
Group				
Loans and borrowings	(46,918)	(46,918)	(106,910)	(106,910)
Trade and other payables	(48,945)	(48,945)	(72,120)	(72,120)
Ultimate holding company	(34,454)	(34,454)	(38,249)	(38,249)
Related companies	(8,641)	(8,641)	(6,390)	(6,390)
Lease liabilities	(15,931)	(15,931)	(18,170)	(18,170)
	(154,889)	(154,889)	(241,839)	(241,839)
Company				
Trade and other payables	(660)	(660)	(694)	(694)
Ultimate holding company	-	-	(13)	(13)
Subsidiaries	(18,322)	(18,322)	(10,140)	(10,140)
Lease liabilities	(429)	(429)	(189)	(189)
	(19,411)	(19,411)	(11,036)	(11,036)

29.2 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.3 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 assetsRisk 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.

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29. FINANCIAL INSTRUMENTS (continued)

29.3 Credit risk (continued)

Receivables and contract assets (continued)

Risk management objectives, policies and processes for managing the risk (continued)

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.

Exposure to credit risk, credit quality and collateral

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

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:

	2020	Group
	RM'000	2019
		RM'000
Singapore	16,018	20,940
Indonesia	9,212	19,869
Korea	6,673	6,487
Australasia	2,755	4,176
Malaysia	643	1,442
Vietnam	742	1,987
United Arab Emirates	3,384	2,010
Others	1,331	4,754
	<hr/> 40,758	<hr/> 61,665

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 57.7% (2019: one customer amounting to 77.1%) of the Group's gross trade receivables.

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.3 Credit risk (continued)

Receivables and contract assets (continued)

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.

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.

	2020			2019		
	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
Group						
Current (not past due)	35,637	-	35,637	51,608	-	51,608
1 - 30 days past due	3,499	-	3,499	6,567	-	6,567
31 - 60 days past due	1,172	-	1,172	1,694	-	1,694
61 - 90 days past due	100	-	100	969	-	969
	40,408	-	40,408	60,838	-	60,838
Credit impaired						
More than 90 days past due	350	-	350	827	-	827
Individually impaired	6,157	(6,157)	-	6,244	(6,244)	-
	46,915	(6,157)	40,758	67,909	(6,244)	61,665
Trade receivables	46,915	(6,157)	40,758	67,909	(6,244)	61,665
Contract assets	8,215	-	8,215	8,684	-	8,684
	55,130	(6,157)	48,973	76,593	(6,244)	70,349

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.3 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		Contract assets	Total
	Lifetime ECL	Credit impaired	assets	
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019	-	6,568	-	6,568
Net measurement of loss allowance	-	(208)	-	(208)
Effect of movement in exchange rates	-	(116)	-	(116)
As at 31 December 2019	-	6,244	-	6,244
Effect of movement in exchange rates	-	(87)	-	(87)
As at 31 December 2020	-	6,157	-	6,157

Cash and cash 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 RM46,918,000 (2019: RM106,910,000) 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.

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 shareholders' fund.

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

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.3 Credit risk (continued)

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 repay the 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 advance 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.

Company	2020			2019		
	Gross-carrying amount RM'000	Loss allowances RM'000	Net balance RM'000	Gross-carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Low credit risk	34,088	-	34,088	27,150	-	27,150

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

29.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.4 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Non-derivative financial liabilities							
Term loans - secured	27,721	6.66	30,937	12,494	16,143	2,300	-
Revolving credits							
- unsecured	16,711	5.08	18,047	15,471	2,576	-	-
Trust receipts							
- unsecured	2,486	11.5	2,793	2,793	-	-	-
Lease liabilities	15,931	7.65	18,602	3,145	3,282	5,465	6,710
Trade and other payables	57,586	-	57,586	57,586	-	-	-
Ultimate holding company							
- interest bearing	34,241	2.74	35,210	-	719	34,491	-
- non-interest bearing	213	-	213	213	-	-	-
	154,889		163,388	91,702	22,720	42,256	6,710
2019							
Non-derivative financial liabilities							
Term loans - secured	47,056	6.77	51,807	12,010	12,932	26,865	-
Revolving credits							
- secured and unsecured	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 company							
- interest bearing	33,331	2.75	34,273	-	34,273	-	-
- non-interest bearing	4,919	-	4,918	4,918	-	-	-
	241,840		254,235	148,905	60,365	36,541	8,424

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.4 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
2020						
Non-derivative financial liabilities						
Ultimate holding company						
- non-interest bearing	-	-	-	-	-	-
Trade and other payables	660	-	660	660	-	-
Subsidiaries	18,322	3.04	18,888	18,888	-	-
Lease liabilities	429	3.68	455	251	204	-
Financial guarantees	-	-	46,918	46,918	-	-
	19,411		66,921	66,717	204	-
2019						
Non-derivative financial liabilities						
Ultimate holding company						
- 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

29.5 Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign 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"), Singapore Dollar ("SGD") and United Emirates Dirham ("AED").

Risk management objectives, policies and processes for managing the risk

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

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.5 Market risk (continued)

(i) Currency risk (continued)

Exposure to foreign currency risk

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

Group	USD RM'000	IDR RM'000	VND RM'000	SGD RM'000	AED RM'000
2020					
Trade and other receivables	57,552	11,286	2,396	4,569	417
Cash and cash bank balances	9,456	-	36	11,067	816
Trade and other payables	(59,931)	(16,466)	(12,186)	(2,220)	(302)
Lease Liabilities	-	(7,028)	(3,298)	-	(5,176)
Loans and borrowings	(24,508)	(18,803)	(3,607)	-	-
Net exposure	(17,431)	(31,011)	(16,659)	13,416	(4,245)

Group	USD RM'000	IDR RM'000	VND RM'000	AUD RM'000	EUR RM'000
2019					
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)	-	-
Net exposure	(43,352)	(23,716)	(22,644)	7,475	(12,377)

Currency risk sensitivity analysis

A 10% (2019: 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. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Equity		Profit or loss	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
USD	-	-	1,325	3,295
IDR	-	-	2,357	1,802
VND	-	-	1,266	1,721
AUD	-	-	(88)	(568)
EUR	-	-	161	941
SGD	-	-	1,020	-
AED	-	-	(323)	-

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.5 Market risk (continued)

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	122	119	29,408	21,495
Financial liabilities	(50,172)	(51,501)	(18,751)	(18,552)
	(50,050)	(51,382)	10,657	2,943
Floating rate instruments				
Financial assets	3,887	2,905	2,376	2,905
Financial liabilities	(62,849)	(106,910)	-	-
	(58,962)	(104,005)	2,376	2,905

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

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29. FINANCIAL INSTRUMENTS (continued)

29.5 Market risk (continued)

(ii) 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 2020 RM'000	100 bp decrease 2020 RM'000	100 bp increase 2019 RM'000	100 bp decrease 2019 RM'000
Group				
Floating rate instruments	(430)	430	(1,040)	1,040
Company				
Floating rate instruments	24	(24)	30	(30)

29.6 Fair value of financial instruments

(i) Fair value of financial instruments that are carried at fair value

An analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments Level 1 RM'000	Significant other observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group				
At 31 December 2020				
Non-financial asset:				
Asset for which fair value is disclosed:				
Investment property (Note 5)	-	-	751	751
Financial assets:				
Short term investments (Note 13)				
- Unit trust funds (quoted)	-	3,887	-	3,887

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.6 Fair value of financial instruments (continued)

(i) Fair value of financial instruments that are carried at fair value (continued)

An analysis of financial instruments carried at fair value by level of fair value hierarchy: (continued)

	Quoted prices in active markets for identical instruments Level 1 RM'000	Significant other observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
Group (continued)				
At 31 December 2019				
Non-financial asset:				
Asset for which fair value is disclosed:				
Investment property (Note 5)	-	-	773	773
<hr/>				
Financial assets:				
Short term investments (Note 13)				
- Unit trust funds (quoted)	-	2,905	-	2,905
<hr/>				
Company				
At 31 December 2020				
Financial assets:				
Short term investments (Note 13)				
- Unit trust funds (quoted)	-	2,376	-	2,376
<hr/>				
At 31 December 2019				
Financial assets:				
Short term investments (Note 13)				
- Unit trust funds (quoted)	-	2,905	-	2,905
<hr/>				

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements as disclosed in Note 2.26.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2020 and 31 December 2019.

Determination of fair value

Investment property

Fair value is determined based on recent transaction values in the location and category of property being valued at the reporting date.

Unit trust funds (quoted)

Fair value is determined directly by reference to the published net asset value at the reporting date.

Notes to the Financial Statements

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29. FINANCIAL INSTRUMENTS (continued)

29.6 Fair value of financial instruments (continued)

(ii) **Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current and non-current)	10
Cash and bank balances	13
Trade and other payables (current and non-current)	19
Lease liabilities	4
Loans and borrowings	17

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date except for those that are estimated by discounting expected cash flows at weighted average rates of the lenders as detailed in the respective notes.

30. 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	2020 RM'000	Group 2019 RM'000
Total borrowings	17	46,918	106,910
Lease liabilities	4	15,931	18,170
Less: Cash and bank balances	13	(26,514)	(35,604)
Net debt		36,335	89,476
Total equity		325,597	336,166
Debt-to-equity ratio		0.1	0.3

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

Notes to the Financial Statements

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31. OPERATING LEASES

Operating lease rentals are payable as follows:

	2020 RM'000	Group 2019 RM'000
Short-term lease		
Within one year	411	674
Low-value leases		
Within one year	9	15
Between 1 - 5 years	-	10
	420	699

The Group has applied MFRS 16, Leases and has elected to apply exemption for leases 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.

32. CAPITAL AND OTHER COMMITMENTS

	2020 RM'000	Group 2019 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	914	1,096

33. 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.

	2020 RM'000	Company 2019 RM'000
Corporate guarantees issued to banks for credit facilities granted to subsidiaries	46,918	106,910

Notes to the Financial Statements

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33. CONTINGENCIES (continued)

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.

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

The joint venture relationship was terminated due to the fact that DOFICO had failed to comply with the agreed minimum printed carton volumes of tobacco packaging as set out in the JVA, hence, the aforesaid challenge had affected the operations of TVDP, which had led to continuous losses for TVDP for the financial year ended 31 December 2016. In order to protect the shareholders' interest and to ensure risk management, the Parties had mutually agreed to terminate the JVA.

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.

Notes to the Financial Statements

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34. 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 24) and other balances relating to payable and receivable contained in Note 10 and 19.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company				
Management fees expense	3,032	3,361	-	-
Interest expense	957	941	-	-
Related companies				
Sales	(2,516)	(3,329)	-	-
Purchases	11,313	10,687	-	-
Rental of warehouse expenses	57	170	-	-
Sales of scrap paper	(3,405)	(6,185)	-	-
Commission income	(92)	(591)	-	-
Subsidiaries				
Dividend income	-	-	(11,037)	(1,599)
Interest expense	-	-	618	1,057
Interest income	-	-	(4,344)	(4,078)
Administrative fees	-	-	(5,491)	(5,709)
Rental of building	-	-	45,000	-
Joint venture companies				
Interest income	(26)	(2)	-	-
Sales	(492)	(241)	-	-
Purchases	724	1,871	-	-
Administrative fees	(101)	-	-	-
Rental expenses	303	284	-	-

35. SIGNIFICANT EVENT

The COVID-19 outbreak has caused the global and domestic economy into turmoil. The Movement Control Order ("MCO") implemented by the Government of Malaysia on 18 March 2020, which has since been extended and replaced with Conditional MCO and Recovery MCO up to 31 December 2020 and global lockdown by other countries in respond to the COVID-19 pandemic has caused disruptions to the Group's business operations.

Up to the date of these financial statements, the Group has seen a significant impact of COVID-19 outbreak on the Group's earnings, cashflows and financial conditions. In relation to this, the Group has appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2020, in particular the impairment assessments of its financial and non-financial assets.

ANALYSIS OF SHAREHOLDINGS**AS AT 5 May 2021**

Total number of Issued Shares	:	144,742,500
Class of Shares	:	Ordinary Shares
Voting Right	:	One vote per ordinary share

Size of Shareholdings	No. of Shareholders / Depositor	% of Shareholders / Depositor	No. of Share held	% of Issued Capital
1 - 99	67	2.65	1,246	0.00
100 - 1,000	269	10.63	173,228	0.12
1,001 - 10,000	1,545	61.02	6,661,170	4.60
10,001 - 100,000	578	22.82	16,156,975	11.16
100,001 - 7,237,124	71	2.80	42,665,681	29.48
7,237,125 AND ABOVE	2	0.08	79,084,200	54.64
TOTAL	2,532	100.00	144,742,500	100.00

**SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS
as at 5 May 2021**

Name of Substantial Shareholder	No. of Shares	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)	-	-	-	79,084,200#	54.64
Lu Le Nhi	-	-	-	79,084,200##	54.64
Yen & Son Holdings Pte Ltd	-	-	-	79,084,200^	54.64

* Deemed interested by virtue of its shareholdings in Tien Wah Holdings (1990) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016

** Deemed interested by virtue of its shareholdings in

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

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

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

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

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

ANALYSIS OF SHAREHOLDINGS cont'd

AS AT 5 May 2021

DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDING as at 5 May 2021

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
Yen Wen Hwa (Ngan Tzee Manh)	-	-	79,084,200*	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	-	-	-	-

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

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS as at 5 May 2021

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	5,840,000	4.03
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 Teo Kwee Hock	710,400	0.49
15 Citigroup Nominees (Asing) Sdn Bhd	702,951	0.49

Exempt an for OCBC Securities Private Limited (Client A/C-NR)

ANALYSIS OF SHAREHOLDINGS cont'd

AS AT 5 May 2021

THIRTY LARGEST SHAREHOLDERS/DEPOSITORS (continued) as at 5 May 2021

Name of Shareholders/Depositors	No. of Shares	% of Issued Capital
16 Lee Kim Lewi	675,000	0.47
17 Eu Soon Keat	655,400	0.45
18 Lim Seng Qwee	653,020	0.45
19 Ang Siang Loong	530,000	0.37
20 Ang Mary	500,000	0.35
21 Eu Soon Keat	500,000	0.35
22 Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lam Sing Poh	455,000	0.32
23 Ang Louise	450,000	0.31
24 Ang Civics	410,000	0.28
25 Ang Shuang Shuang	410,000	0.28
26 Reuben Tan Cherh Chung	405,000	0.28
27 Chan Heng Koon	372,000	0.26
28 Low Beng Hong	360,950	0.25
29 Key Development Sdn. Berhad	335,250	0.23
30 CIMB Group Nominees (Asing) Sdn. Bhd. Exempt an for DBS Bank Ltd (SFS)	317,900	0.22
TOTAL	114,708,971	79.26

ANALYSIS OF SHAREHOLDINGS

AS AT 5 May 2021

cont'd

BREAKDOWN OF SHAREHOLDINGS

Type of ownership	No. of Shareholders	No. of Shares	% of Issued Capital
Malaysian Individual			
Bumiputra	77	223,043	0.15
Chinese	2,083	47,242,019	32.64
Indian	35	271,460	0.19
Other Races	3	21,850	0.02
Subtotal	2,198	47,758,372	33.00
Malaysian Corporate			
Bumiputra	1	100	0.00
Non-Bumiputra	34	11,528,440	7.96
Subtotal	35	11,528,540	7.96
Foreign Individual			
China	2	69,000	0.05
India	1	500	0.00
Permanent Resident of Malaysia	7	28,800	0.02
Singapore	19	1,103,950	0.76
United States of America	1	3,000	0.00
Subtotal	30	1,205,250	0.83
Foreign Corporate			
Singapore	1	43,688,700	30.18
Others	2	35,410,800	24.46
Subtotal	3	79,099,500	54.64
Nominee Company			
Malaysian Bumiputra Beneficiaries	127	2,369,840	1.64
Malaysian Non-Bumiputra Beneficiaries	126	1,500,843	1.04
Foreign Beneficiaries	12	1,280,152	0.89
Subtotal	265	5,150,835	3.57
Others	1	3	0.00
Subtotal	1	3	0.00
Grand Total	2,532	144,742,500	100.00

LIST OF PROPERTIES

Owned by Tien Wah Press Holdings Group

The properties held by the TWPH Group as at 31 December 2020 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 2020 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 / 45,611	15 Years / 05-08-2036	Office/Factory bearing address Plot No. S60305 Jafza South, Jebel Ali, Dubai, United Arab Emirates	7,076	5 years	6-8-2016
Lot 24, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,658 / 2,064	53 Years / 22-07-2074	Residential quarters bearing address No. 79 Jalan 14/20 Petaling Jaya, Selangor Darul Ehsan, Malaysia	383	45 years	1-9-2004
PT8, Section 14, Municipality of Petaling Jaya, Selangor Darul Ehsan	Leasehold	1,650 / 2,276	42 Years / 10-01-2063	Residential quarters bearing address No. 8 Jalan 14/28 Petaling Jaya, Selangor Darul Ehsan, Malaysia	360	49 years	24-5-2006
Lot 307, 308, 309 Vietnam – Singapore Industrial Park	Leasehold	409,029 / 233,234	33 Years / 08-08-2054	Office/Factory bearing address 38 Huu Nghi Street, Vietnam – Singapore Industrial Park, Vietnam	10,331	15 years	10-1-2005

ADMINISTRATIVE GUIDE

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

Meeting Date	: Monday, 28 June 2021
Time	: 10.00 a.m.
Meeting Platform	: https://web.vote2u.app
Broadcast Venue	: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Mode of Communication	: 1) Submit questions to the Board prior to the 26th AGM by emailing to vote2u@agmostudio.com no later than 5.00 p.m. on Monday, 21 June 2021. 2) Post questions to the Board via real time submission of typed text during live streaming of 26th AGM.

MODE OF MEETING

Due to the unprecedented circumstances arising from the measures that have been implemented nationally to limit the spread of the COVID-19, and in particular, the Government of Malaysia's official guidance for practising social distancing, the Company will conduct its forthcoming Twenty-Sixth ("26th") Annual General Meeting ("AGM") entirely on a virtual basis via Remote Participation and Voting ("RPV") facilities.

The above decision is made pursuant to Section 327 of the Companies Act 2016 and Clause 64 of the Constitution of the Company.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a virtual AGM, this would promote greater shareholder participation as it facilitates electronic voting and remote shareholders' participation. With the RPV facilities, you may exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

BROADCAST VENUE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires that the Chairman of the meeting to be present at the main venue.

Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED to be physically present** nor will they be admitted at the broadcast venue on the day of the AGM. Shareholders/proxies/corporate representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.

ENTITLEMENT TO PARTICIPATE THE AGM

In respect of deposited securities, only members whose MyKad/passport number appear on the Record of Depositors on **21 June 2021** (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

FORM(S) OF PROXY

- Shareholders are encouraged to go online, participate and vote at the AGM using the RPV facilities.
- If a shareholder is unable to attend the 26th AGM on Monday, 28 June 2021, he/she can appoint the Chairman of the meeting as his/her proxy to attend, speak and vote in his/her stead. Please submit your Proxy Form to the Registered Office of the Company at Ground Floor or 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia by **Saturday, 26 June 2021 at 10.00 a.m.**
- You may also submit the Proxy Form via electronic means ("e-Proxy") through Vote2U Online at <https://web.vote2u.app> not less than forty-eight (48) hours before the time for holding the AGM, i.e. latest by **Saturday, 26 June 2021 at 10.00 a.m.**

ADMINISTRATIVE GUIDE cont'd for Tien Wah Press Holdings Berhad's Twenty-Sixth Annual General Meeting

REVOCAION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, kindly contact +603 7664 8520 / 21 or email to vote2u@agmostudio.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

Alternatively, shareholders who have registered directly with Vote2U can login to revoke the earlier appointed proxy anytime before the start of meeting.

CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to the Registered Office of the Company, not less than forty-eight (48) hours before the time for holding the AGM, i.e. latest by **Saturday, 26 June 2021 at 10.00 a.m.**

VOTING PROCEDURE

1. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. The Poll Administrator of the Company will conduct the poll by way of electronic voting ("**e-voting**") and the poll results will be verified and validated by the Independent Scrutineer appointed by the Company.
2. During the AGM, the Chairman of the meeting will invite the Poll Administrator to brief on the e-voting housekeeping rules. The e-voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.
3. For the purposes of the Virtual AGM, e-voting will be carried out via personal smart mobile phones, tablets or personal computers/laptops.
4. Upon the conclusion of the e-voting session, the Independent Scrutineer will verify the poll results followed by the declaration by the Chairman of the meeting whether the resolutions put to vote were successfully carried or not.

RPV FACILITIES

The RPV facilities will enable you to exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company via real time submission of typed texts) and vote remotely at the AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Shareholders / proxies / corporate representatives who wish to participate at the 26th AGM remotely using the RPV facilities are to follow the requirements and procedures as summarised:

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

Before the AGM	
1.	<p>Register Online with Vote2U Online by Individual Members</p> <p>(a) Access the website at https://web.vote2u.app using your computer or smartphone.</p> <p>(b) Click/Tap "Sign Up".</p> <p>(c) Read the Privacy Policy and Terms & Conditions and indicate your acceptance of the Privacy Policy and Terms & Conditions on a small box <input type="checkbox"/>. Then click/tap "Next".</p> <p>(d) Fill-in your details (note: create your own password). Then click/tap "Continue".</p> <p>(e) Upload your identification card (MyKad) or Passport (for non-Malaysian).</p> <p>(f) Click "Submit" to complete the registration</p> <p>(g) Your registration will be verified and an email notification will be sent to you. Please check your email.</p> <p><i>Note:</i> <i>If you have registered as a user with Vote2U Online previously, you are not required to register again.</i></p> <p>*Check your email address is keyed in correctly. *Remember the password you have keyed-in.</p>
2.	<p>Submit request for remote participation</p> <p>Registration for remote access will be opened on 28 May 2021. Please note that the closing time to submit your request is at 10.00 a.m. on Saturday, 26 June 2021 (48 hours before the commencement of the 26th AGM).</p> <p>Individual Members</p> <p>(a) Individual shareholder to log in with your email and password.</p> <p>(b) Click/Tap on the General Meeting event to participate.</p> <p>(c) Scroll down and click/tap "Register a Proxy".</p> <p>(d) Read the Declarations and indicate your acceptance of the Declarations on a small box <input type="checkbox"/>. Then click/tap "Next".</p> <p>(e) Select the Central Depository System ("CDS") account number.</p> <p>(f) Click/Tap "Appoint Proxy".</p> <p>(g) Fill-in the details of your Proxy(ies).</p> <p>(h) Indicate your voting instruction should you prefer to do so.</p> <p>(i) After you have completed the above procedures, the system will send an e-mail to the registered Proxy(ies) email address.</p> <p><i>Note:</i> <i>You need to register as a shareholder before you register and submit the e-Proxy form.</i></p> <p>Corporate Members</p> <p>(a) Fill-in details on the hardcopy Form of Proxy and provide the following information:</p> <ul style="list-style-type: none"> • MyKad/Passport number of the Corporate Representative. • Email address of the Corporate Representative. <p>(b) Submit the hardcopy Form of Proxy to the address provided (refers to Notice of Meeting) with the following information:</p> <ul style="list-style-type: none"> • A copy of the Certificate of Appointment of Corporate Representative. • A copy of the Corporate Representative MyKad (front & back). <p><i>Note:</i> <i>After verification, an email notification will be sent to the Proxy (Corporate Representative) with a temporary password. The Proxy could use the temporary password to log in to Vote2U.</i></p> <p>Authorised Nominee and Exempt Authorised Nominee</p> <p>(a) Fill-in details on the hardcopy Form of Proxy and provide the following information:</p> <ul style="list-style-type: none"> • MyKad/Passport number of the Beneficial Owner. • Email address of the Beneficial Owner. <p>(b) Submit the hardcopy Form of Proxy to the address provided (refers to Notice of Meeting) with the following information:</p> <ul style="list-style-type: none"> • A copy of the Beneficial Owner MyKad (front & back). <p><i>Note:</i> <i>After verification, an email notification will be sent to the Proxy (Beneficial Owner) with a temporary password. The Proxy could use the temporary password to log in to Vote2U.</i></p>

ADMINISTRATIVE GUIDE cont'd

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

On the day of the AGM	
3.	<p>Login to Vote2U Online</p> <p>(a) Login with your email and password for remote participation at the AGM, one (1) hour before the commencement of the AGM.</p>
4.	<p>Participate through Live Streaming</p> <p>(a) Select the General Meeting to participate.</p> <p>(b) Confirm the RPV participant's details.</p> <p>(c) Click on the "Watch Live" button to view the Live Streaming.</p> <p><i>Note:</i> <i>That the quality of the Live Streaming will be dependent on the bandwidth and stability of the internet connection at the location.</i></p>
5.	<p>Online Remote Voting</p> <p>(a) Select the General Meeting to participate.</p> <p>(b) Select the CDS account.</p> <p>(c) Please note that if you have more than one CDS Account, you are required to select one CDS account at a time for voting.</p> <p>(d) Select the vote for the resolutions that are tabled for voting.</p> <p>(e) Confirm and submit your votes.</p>
6.	<p>Ask Question</p> <p>(a) Click on the "Ask Question" button to post question(s) to the Board.</p> <p>(b) Type in your question and "Submit".</p> <p>(c) The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the AGM.</p> <p><i>Note:</i> <i>There shall not be two-way communication available at the meeting.</i></p>
7.	<p>End of RPV</p> <p>Upon the announcement by the Chairman on the closure of the AGM, the Live Streaming will end.</p>

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

In order to enhance the efficiency of the proceedings of the 26th AGM, the shareholders may submit questions to the Company via e-mail to vote2u@agmostudio.com **not later than Monday, 21 June 2021 at 5:00 p.m.** or select the messaging icon in Vote2U Online Portal to transmit questions via RPV facilities during live streaming of the 26th AGM. If time permits, the Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by the shareholders which are related to the resolutions to be tabled at the AGM. The shareholders are encouraged to submit questions before the 26th AGM as priority will be given to questions submitted before the AGM.

NO BREAKFAST/LUNCH PACKS, DOOR GIFT/FOOD VOUCHER

There will be **NO distribution** of breakfast/lunch packs, food vouchers or door gifts for the 26th AGM since the meeting is being conducted on a fully virtual basis.

The Board of Directors of Tien Wah Press Holdings Berhad would like to thank all shareholders for their kind co-operation and understanding in these challenging times.

ADMINISTRATIVE GUIDE cont'd for Tien Wah Press Holdings Berhad's Twenty-Sixth Annual General Meeting

ANNUAL REPORT 2020 AND CIRCULAR TO SHAREHOLDERS

The Annual Report 2020 and the Circular to Shareholders are available on Bursa Malaysia Berhad's website at www.bursamalaysia.com under Company Announcements and also at Tien Wah Press Holdings Berhad's website at www.tienwah.com.

If you wish to receive a printed copy of the Annual Report 2020 and Circular to Shareholders, please forward your request by completing the Request Form enclosed herewith. Any request for the printed documents would be forwarded to the requestor within four (4) market days from the date of receipt of the request. However, please consider the environment before requesting for the printed copy of the Annual Report 2020 and Circular to Shareholders.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

RPV Facilities Helpdesk

General Line : 603-7664 8520/21

Email : vote2u@agmostudio.com

PERSONAL DATA POLICY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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TIEN WAH PRESS HOLDINGS BERHAD
[REGISTRATION NO. 199501011233 (340434-K)] (Incorporated in Malaysia)

PROXY FORM

No. of Shares	
CDS ACCOUNT NO.	

I/We, NRIC No./Passport No./ Company No.
..... of
..... and telephone no.
email address.....
being a member/members of TIEN WAH PRESS HOLDINGS BERHAD (the “Company”), hereby appoint :

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			
Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:			
Email Address:			
*And/or (delete as appropriate)			

or failing him/her, *THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting (“26th AGM”) of the Company to be conducted entirely on a virtual basis at Broadcast Venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Monday, 28 June 2021 at 10.00 a.m. or at any adjournment thereat.

* Please delete the words “CHAIRMAN OF THE MEETING” if you wish to appoint some other person(s) only to be your proxy(ies).

My/our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
	ORDINARY BUSINESS		
Ordinary Resolution 1	Declaration of a final single-tier dividend of 5.50 sen per ordinary share in respect of the financial year ended 31 December 2020.		
Ordinary Resolution 2	Approval of the payment of Non-Executive Directors’ Fees up to an aggregate amount of RM715,000.00 per annum in respect of the financial year ending 31 December 2021.		
Ordinary Resolution 3	Approval of the payment of Benefits Payable to the Non-Executive Directors up to an aggregate amount of RM120,000.00 for the period from this AGM until the next AGM of the Company in year 2022 to be paid quarterly in arrears.		
Ordinary Resolution 4	Re-election of Mr Yen Wen Hwa (Ngan Tzee Manh) pursuant to Clause 96 of the Company’s Constitution.		
Ordinary Resolution 5	Re-election of Mr Tung Kum Hon pursuant to Clause 96 of the Company’s Constitution.		
Ordinary Resolution 6	Re-election of Dr Ong Eng Leng @ Ong Eng Lin pursuant to Clause 96 of the Company’s Constitution.		
Ordinary Resolution 7	Re-election of Mr John David Cambridge pursuant to Clause 96 of the Company’s Constitution.		
Ordinary Resolution 8	Re-election of Y.M. Tengku Djan Ley Bin Tengku Mahaleel pursuant to Clause 96 of the Company’s Constitution.		
Ordinary Resolution 9	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
	SPECIAL BUSINESS		
Ordinary Resolution 10	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature.		

(Please indicate with an “X” in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his (her) discretion.)

The proportions of my/our holding to be represented by my/our proxies are as follows:

1st proxy _____ %
2nd proxy _____ %
TOTAL 100 %

.....
Signature of Shareholder or
Common Seal of Shareholder
Contact No.:
Number of shares held:

Signed thisday of 2021



NOTES:

1. As part of the initiatives to curb the spread of COVID-19 and Government of Malaysia's official guidance on social distancing, the AGM of the Company will be conducted entirely on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. Please follow the procedures provided in the Administrative Guide for the 26th AGM in order to register, participate and vote remotely. The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at <https://www.tienwah.com/>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the meeting to be present at the main venue of the meeting. The venue of the AGM is to inform shareholders where the electronic AGM production and streaming would be conducted from.
3. Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED** to be physically present nor will they be admitted at the Broadcast Venue on the day of the AGM. Therefore, members are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the RPV facilities provided by the Company. **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the AGM in order to participate remotely.**
4. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 21 June 2021 shall be eligible to participate and vote at this meeting or appoint proxy(ies) to participate and vote on his/her behalf.
5. 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.
6. 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.
7. 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.
8. 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.
9. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.
10. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the AGM or at any adjournment thereof, as follows:-
 - (i) **In hard copy form**
The original instrument appointing a proxy ("Proxy Form") must be deposited at the Registered Office of the Company at Ground Floor or 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - (ii) **By electronic means**
The Proxy Form can also be lodged electronically via Vote2U Online at <https://web.vote2u.app>. Please follow the procedures provided in the Administrative Guide for the AGM in order to deposit the Proxy Form electronically.
11. If you have submitted your Proxy Form(s) and subsequently decide to appoint another person or wish to participate in our electronic AGM by yourself, kindly contact +603 7664 8520 / 21 or email to vote2u@agmostudio.com to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.
Alternatively, shareholders who have registered directly with Vote2U can login to revoke the earlier appointed proxy anytime before the start of meeting.
12. Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

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 26th AGM dated 28 May 2021.

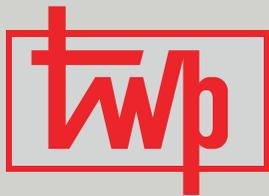
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TIEN WAH PRESS HOLDINGS BERHAD

The Company Secretary
Boardroom Corporate Services Sdn. Bhd.
Registration No. 196001000110 (3775-X)
Ground Floor or 12th Floor,
Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

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TIEN WAH PRESS HOLDINGS BERHAD

[Registration No.: 199501011233 (340434-K)]

Lot 03-8, 8th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia.

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