



CHEE WAH CORPORATION BERHAD (32250-D)
(Incorporated in Malaysia)

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The Board of Directors of CHEE WAH CORPORATION BERHAD is pleased to announce the consolidated results for the second quarter ended 31 December 2016. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>31/12/2016</u> RM '000	Preceding Year Corresponding Quarter Ended <u>31/12/2015</u> RM '000	Current Year To Date <u>31/12/2016</u> RM '000	Preceding Year Corresponding Period <u>31/12/2015</u> RM '000
Revenue	30,770	28,480	52,394	50,017
Operating expenses	(25,505)	(23,838)	(45,284)	(42,751)
Other operating income/(expenses)	542	(459)	668	805
Finance costs	(389)	(364)	(748)	(745)
Profit before tax	5,418	3,819	7,030	7,326
Tax expense	(1,077)	(836)	(1,401)	(1,586)
Profit for the period	4,341	2,983	5,629	5,740
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>4,341</u>	<u>2,983</u>	<u>5,629</u>	<u>5,740</u>
Earning per share (sen)				
- Basic	10.31	7.09	13.37	13.64
- Diluted	10.31	7.09	13.37	13.64

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



CHEE WAH CORPORATION BERHAD (32250-D)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As At End Of Current Quarter 31/12/2016 <u>RM'000</u>	Audited As At Preceding Financial Year Ended 30/06/2016 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	<u>41,154</u>	<u>40,869</u>
Current Assets		
Inventories	33,832	35,316
Trade and other receivables	19,409	13,426
Financial assets at fair value through profit or loss	-	14
Tax recoverable	5	2
Cash and bank balances	<u>3,487</u>	<u>2,243</u>
	<u>56,733</u>	<u>51,001</u>
TOTAL ASSETS	<u><u>97,887</u></u>	<u><u>91,870</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	<u>14,644</u>	<u>9,015</u>
Total Equity	<u>56,741</u>	<u>51,112</u>
Non-Current Liabilities		
Loans and borrowings	5,902	5,660
Retirement benefits	545	517
Deferred tax liabilities	<u>3,777</u>	<u>3,633</u>
	<u>10,224</u>	<u>9,810</u>
Current Liabilities		
Trade and other payables	7,623	10,907
Loans and borrowings	22,221	19,868
Current tax liabilities	<u>1,078</u>	<u>173</u>
	<u>30,922</u>	<u>30,948</u>
Total Liabilities	<u>41,146</u>	<u>40,758</u>
TOTAL EQUITY AND LIABILITIES	<u><u>97,887</u></u>	<u><u>91,870</u></u>
Net Assets per Share (sen)	135	121

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CHEE WAH CORPORATION BERHAD (32250-D)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016 - unaudited	Share capital RM '000	Non- distributable	Distributable	Total Equity RM '000
		Share premium RM '000	Retained profits RM '000	
Balance as at 01/07/2015	42,097	164	2,780	45,041
Profit (representing total comprehensive income) for the period	-	-	5,740	5,740
Dividend	-	-	(842)	(842)
Balance as at 31/12/2015	<u>42,097</u>	<u>164</u>	<u>7,678</u>	<u>49,939</u>
Balance as at 01/07/2016	42,097	164	8,851	51,112
Profit (representing total comprehensive income) for the period	-	-	5,629	5,629
Balance as at 31/12/2016	<u>42,097</u>	<u>164</u>	<u>14,480</u>	<u>56,741</u>

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CHEE WAH CORPORATION BERHAD (32250-D)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year 6 Months Ended 31/12/2016 <u>RM '000</u>	Preceding Year Corresponding 6 Months Ended 31/12/2015 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	7,030	7,326
Adjustments for:		
Depreciation of property, plant and equipment	1,699	1,510
Gain on disposal of property, plant and equipment	(54)	(12)
Interest expense	748	745
Inventories written down	106	-
Reversal of inventories written down	-	(25)
Provision for retirement benefits	28	19
Unrealised (gain)/loss on foreign exchange	(198)	199
Operating profit before changes in working capital	<u>9,359</u>	<u>9,762</u>
Changes in:-		
Inventories	1,378	1,021
Receivables and prepayments	(5,675)	5,774
Payables and advance payments	(3,290)	(3,720)
Financial instruments at fair value through profit or loss	14	(3)
Cash generated from operations	<u>1,786</u>	<u>12,834</u>
Tax paid	(355)	(119)
Net cash from operating activities	<u>1,431</u>	<u>12,715</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(232)	(8,964)
Proceeds from disposal of property, plant and equipment	54	30
Net cash used in investing activities	<u>(178)</u>	<u>(8,934)</u>
Cash Flows from Financing activities		
Dividend paid	-	(842)
Interest paid	(752)	(769)
Net increase/(decrease) in short-term loans and borrowings	2,830	(2,530)
Repayment of hire purchase obligations	(693)	(573)
Repayment of term loan	(312)	(260)
Term loan raised	-	5,000
Net cash from financing activities	<u>1,073</u>	<u>26</u>
Net change in cash and cash equivalents	2,326	3,807
Cash and cash equivalents at beginning of the period	(1,123)	(3,735)
Effect of changes in exchange rates on cash and cash equivalents	1	1
Cash and cash equivalents at end of the period	<u>1,204</u>	<u>73</u>
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	3,487	1,816
Bank overdrafts	(2,283)	(1,743)
	<u>1,204</u>	<u>73</u>

The condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A : REQUIREMENTS OF MFRS 134: INTERIM FINANCIAL REPORTING

A1 Basis Of Preparation

The Condensed Consolidated Interim Financial Statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by Malaysian Accounting Standard Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2016. The explanatory notes attached to the Condensed Consolidated Interim Financial Statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2016.

A2 Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Condensed Consolidated Interim Financial Statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2016.

The Group has not adopted the new standards, amendments to published standards and interpretations that have been issued but not yet effective. These new standards, amendments to published standards and interpretations are not expected to have any significant impacts on the financial statements of the Group upon their initial application.

A3 Seasonal Or Cyclical Factors

To the nature of its products and the market demand, the Group's revenue is normally lower in the first and third quarters as compared to the other quarters in each financial year.

A4 Unusual Items

There were no items affecting the current quarter's assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 Changes In Estimates

There were no major changes in estimates from those of the prior financial year which have a material effect for the current quarter.

A6 Issuance, Repurchases And Repayments Of Debt And Equity Securities

There were no issues, repurchase, cancellation resales and repayment of debt and equity securities during the current quarter.

A7 Dividends Paid

No dividend was paid during the current quarter.

A8 Segment Information

The Group's activities fall within one business segment being the manufacture and sale of stationery and printing materials which are predominantly carried out in Malaysia. Apart from revenue from external customers by location of customers which are shown below, the required segmental information has already been disclosed in the interim financial statements:

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Malaysia	10,897	16,205
Asia (exclude Malaysia)	8,779	14,199
Oceania	8,915	15,802
Europe	1,132	4,265
Africa and America	1,047	1,923
	<u>30,770</u>	<u>52,394</u>

The directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

A9 Events After The Interim Period

There were no events subsequent to the end of the current quarter that have not been reflected in the financial statements for the current quarter.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A10 Changes In The Composition Of The Group

There were no changes in the composition of the Group for the financial quarter under review.

A11 Contingent Liabilities Or Assets

There were no contingent liabilities or contingent assets since last financial year ended 30 June 2016.

A12 Material Related Parties Transactions

There were no material transactions entered by the Group with any related parties.

PART B : REQUIREMENTS OF APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENTS

B1 Review Of Performance

For the current quarter ended 31 December 2016, the Group recorded a revenue of RM30.770 million as compared to the preceding year corresponding quarter of RM28.480 million. The increase in revenue of RM2.290 million was mainly due to higher demand from export market. The Group recorded a profit before tax of RM5.418 million for the current quarter as compared to the preceding year corresponding quarter of RM3.819 million. The increase in profit before tax of RM1.599 million or 42% was mainly due to higher export sales and strengthening of US Dollar against Ringgit Malaysia.

For the six months ended 31 December 2016, the Group recorded a revenue of RM52.394 million as compared to the preceding year corresponding period of RM50.017 million. The increase in revenue of RM2.377 million was mainly due to higher sales from export market. The Group registered a profit before tax of RM7.030 million as compared to the preceding year corresponding period of RM7.326 million. The decrease in profit before tax of RM0.296 million or 4% was mainly due to increase in manufacturing and operating cost.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance RM'000	%
	31/12/2016 RM'000	30/09/2016 RM'000		
Revenue	30,770	21,624	9,146	42
Profit before tax	5,418	1,612	3,806	236

The Group's revenue generated in the current quarter was RM30.770 million as compared to RM21.624 million in the immediate preceding quarter. The increase of revenue in current quarter was mainly due to seasonal factor as stated in Note A3. As a result, the Group generated a higher profit before tax of RM5.418 million in current quarter as compared to RM1.612 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group will be affected by the impact of increase in operating expenses and volatility of US Dollar against Ringgit Malaysia. However, the Group expects to achieve better results for the current financial year ending 30 June 2017 as compared to previous financial year.

B4 Profit Forecast/Profit Guarantee

Not applicable as there were no profit forecasts published.

B5 Tax Expense

Breakdown of tax expense for the financial period ended 31 December 2016 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	1,150	1,256
Prior year	1	1
Deferred tax:		
Current year	(74)	144
	<u>1,077</u>	<u>1,401</u>

The effective tax rate of the Group for the current year to date is lower than the statutory tax rate was mainly due to utilisation of unabsorbed losses against the profit of certain subsidiaries.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B6 Status Of Corporate Proposal

On 14 November 2016, RHB Investment Bank Berhad had, on behalf of the Board of Directors of Chee Wah Corporation Berhad ("CWCB" or the "Company"), announced the intention of the Company to undertake the following:

- a) proposed internal reorganisation by way of a members' scheme of arrangement under Section 176 of the Companies Act, 1965 ("Proposed Internal Reorganisation") comprising the following proposals:
- i) proposed exchange of the entire 42,096,700 issued and fully paid-up ordinary shares in CWCB ("CWCB Shares") with 84,193,400 new ordinary shares in a new investment holding company, CWG Holdings Berhad (formerly known as CWC Holdings Berhad) ("Newco") ("Newco Shares"), on the basis of two (2) new Newco Shares for every one (1) existing CWCB Share held on an entitlement date to be determined and announced; and
 - ii) proposed assumption of the listing status of CWCB by Newco and the admission of Newco to and withdrawal of CWCB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities"), with the listing of and quotation for the entire Newco Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing"); and
- b) proposed renounceable rights issue of up to 42,096,701 Newco Shares ("Rights Shares") on the basis of one (1) Rights Share for every two (2) Newco Shares held on an entitlement date to be determined and announced later ("Proposed Rights Issue").

(Collectively referred to as the "Proposals")

For the purpose of the Proposed Internal Reorganisation, CWCB and Newco had, on the same day, entered into a conditional share exchange agreement.

The Proposals are subject to approvals being obtained from, among others, Bursa Securities, shareholders of the Company, High Court of Malaya sanctioning the Proposed Internal Reorganisation and financiers of the Company.

On 20 December 2016, the relevant court papers were filed by the Company to obtain the requisite order from the High Court of Malaya at Kuala Lumpur ("High Court") pursuant to Section 176 of the Companies Act, 1965 for leave to be granted to the Company to convene a meeting of its members in relation to the Proposed Internal Reorganisation.

On 28 December 2016, the initial listing application and additional listing application in relation to the Proposed Transfer of Listing and Proposed Rights Issue were submitted to Bursa Securities. Furthermore on 10 January 2017, the High Court had, at the hearing, granted leave for the Company to convene a meeting of its members pursuant to Section 176(1) of the Companies Act, 1965 in relation to the Proposed Internal Reorganisation within six (6) months from 10 January 2017.

The Proposals are expected to be completed by the third (3rd) quarter of calendar year 2017.

B7 Group Borrowings And Debt Securities

Group borrowings as at 31 December 2016 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	2,283
Bankers' acceptances and trust receipts	-	16,964
Onshore foreign currency loans	-	657
Hire purchase payables	1,692	-
Term loan	625	-
	<u>2,317</u>	<u>19,904</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	2,412	-
Term loan	3,490	-
	<u>5,902</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Financial Period ended 31/12/2016 RM'000	Financial Year ended 30/06/2016 RM'000
Ringgit Malaysia	27,466	23,542
United States Dollars	657	1,986
	<u>28,123</u>	<u>25,528</u>



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 22 February 2017.

B9 Proposed Dividends

No dividend has been declared or paid during the current quarter.

B10 Earnings Per Share

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period	<u>4,341</u>	<u>5,629</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares		
Weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	<u>10.31</u>	<u>13.37</u>

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial period.

B11 Auditors' Report On Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 30 June 2016 were not subject to any qualification.

B12 Realised And Unrealised Profits Or Losses

	Financial Period ended 31/12/2016 RM'000	Financial Year ended 30/06/2016 RM'000
Total retained profits/(accumulated losses) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	4,945	(762)
- Unrealised	<u>2,640</u>	<u>2,727</u>
	7,585	1,965
Add: Consolidation adjustments and eliminations	6,895	6,886
Total Group retained profits as per consolidated accounts	<u>14,480</u>	<u>8,851</u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period is arrived at after crediting/(charging):		
- Bad debts recovered	-	1
- Depreciation of property, plant and equipment	(863)	(1,699)
- Gain on disposal of property, plant and equipment	54	54
- Gain on foreign exchange	599	613
- Interest expenses	(389)	(748)
- Allowance of inventories written down	(19)	(106)
- Gain/(Loss) on financial instruments at fair value through profit or loss (classified as held for trading)	2	(14)

B14 Authorisation For Issue

The Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed on 22 February 2017.