



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 third quarter ended 31 March 2017. The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended <u>31/03/2017</u> RM '000	Preceding Year Corresponding Quarter Ended <u>31/03/2016</u> RM '000	Current Year To Date <u>31/03/2017</u> RM '000	Preceding Year Corresponding Period <u>31/03/2016</u> RM '000
Revenue	20,561	16,266	72,955	66,283
Operating expenses	(19,096)	(15,986)	(64,380)	(58,737)
Other operating (expenses)/income	(151)	(118)	517	687
Finance costs	(329)	(323)	(1,077)	(1,068)
Profit/(Loss) before tax	985	(161)	8,015	7,165
Tax expense	(309)	88	(1,710)	(1,498)
Profit/(Loss) for the period	676	(73)	6,305	5,667
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>676</u>	<u>(73)</u>	<u>6,305</u>	<u>5,667</u>
Earning/(Loss) per share (sen)				
- Basic	1.61	(0.17)	14.98	13.46
- Diluted	1.61	(0.17)	14.98	13.46

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 31/03/2017 <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>40,310</u>	<u>40,869</u>
Current Assets		
Inventories	34,312	35,316
Trade and other receivables	15,655	13,426
Financial assets at fair value through profit or loss	-	14
Tax recoverable	4	2
Cash and bank balances	<u>1,786</u>	<u>2,243</u>
	<u>51,757</u>	<u>51,001</u>
TOTAL ASSETS	<u><u>92,067</u></u>	<u><u>91,870</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	42,097	42,097
Reserves	<u>13,847</u>	<u>9,015</u>
Total Equity	<u>55,944</u>	<u>51,112</u>
Non-Current Liabilities		
Loans and borrowings	5,332	5,660
Retirement benefits	559	517
Deferred tax liabilities	<u>3,882</u>	<u>3,633</u>
	<u>9,773</u>	<u>9,810</u>
Current Liabilities		
Trade and other payables	8,478	10,907
Loans and borrowings	16,766	19,868
Current tax liabilities	<u>1,106</u>	<u>173</u>
	<u>26,350</u>	<u>30,948</u>
Total Liabilities	<u>36,123</u>	<u>40,758</u>
TOTAL EQUITY AND LIABILITIES	<u><u>92,067</u></u>	<u><u>91,870</u></u>
Net Assets per Share (sen)	133	121

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

For the nine months ended 31 March 2017 - 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	-	-	5,667	5,667
Dividend	-	-	(842)	(842)
Balance as at 31/03/2016	<u>42,097</u>	<u>164</u>	<u>7,605</u>	<u>49,866</u>
Balance as at 01/07/2016	42,097	164	8,851	51,112
Profit (representing total comprehensive income) for the period	-	-	6,305	6,305
Dividend	-	-	(1,473)	(1,473)
Balance as at 31/03/2017	<u>42,097</u>	<u>164</u>	<u>13,683</u>	<u>55,944</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.



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

	Current Year 9 Months Ended 31/03/2017 <u>RM '000</u>	Preceding Year Corresponding 9 Months Ended 31/03/2016 <u>RM '000</u>
Cash Flows from Operating Activities		
Profit before tax	8,015	7,165
Adjustments for:		
Depreciation of property, plant and equipment	2,569	2,333
Deposits forfeited	(34)	-
Gain on disposal of property, plant and equipment	(45)	(29)
Interest expense	1,077	1,068
Interest income	(5)	-
Inventories written down	170	-
Reversal of inventories written down	-	(39)
Provision for retirement benefits	42	28
Unrealised loss on financial instruments at fair value through profit or loss	-	63
Unrealised loss on foreign exchange	17	596
Operating profit before changes in working capital	11,806	11,185
Changes in:-		
Inventories	834	(3,783)
Receivables and prepayments	(2,119)	9,215
Payables and advance payments	(2,433)	(5,225)
Financial instruments at fair value through profit or loss	14	(3)
Cash generated from operations	8,102	11,389
Tax paid	(530)	(278)
Net cash from operating activities	7,572	11,111
Cash Flows from Investing Activities		
Interest received	5	-
Purchase of property, plant and equipment	(267)	(9,586)
Proceeds from disposal of property, plant and equipment	55	155
Net cash used in investing activities	(207)	(9,431)
Cash Flows from Financing activities		
Dividend paid	(1,473)	(842)
Interest paid	(1,065)	(1,098)
Net decrease in short-term loans and borrowings	(1,635)	(2,871)
Repayment of hire purchase obligations	(1,132)	(878)
Repayment of term loan	(469)	(417)
Term loan raised	-	5,000
Net cash used in financing activities	(5,774)	(1,106)
Currency Translation Differences	(1)	(16)
Net change in cash and cash equivalents	1,590	558
Cash and cash equivalents at beginning of the period	(1,123)	(3,735)
Cash and cash equivalents at end of the period	467	(3,177)
Cash and cash equivalents at end of the period consist of :-		
Cash & bank balances	1,786	1,488
Bank overdrafts	(1,319)	(4,665)
	467	(3,177)

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

A first and final single-tier dividend of 3.5 sen per ordinary share of RM1 each amounted to RM1,473,385 in respect of the financial year ended 30 June 2016 was paid on 9 January 2017, which has been approved by shareholders at the Annual General Meeting held on 23 November 2016.

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	5,330	21,535
Asia (exclude Malaysia)	7,247	21,446
Oceania	4,204	20,006
Europe	2,980	7,245
Africa and America	800	2,723
	<u>20,561</u>	<u>72,955</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.



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

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 March 2017, the Group generated a revenue of RM20.561 million as compared to the preceding year corresponding quarter of RM16.266 million. The increase in revenue of RM4.295 million or 26% was mainly due to higher sales from export market. The Group generated a profit before tax of RM0.985 million for the current quarter as compared to the loss before tax incurred in the preceding year corresponding quarter of RM0.161 million. The increase in profit before tax of RM1.146 million was mainly due to higher revenue and decrease in loss on foreign exchange.

For the nine months ended 31 March 2017, the Group generated a revenue of RM72.955 million as compared to the preceding year corresponding period of RM66.283 million. The increase in revenue of RM6.672 million or 10% was mainly due to higher sales from export market. The Group generated a profit before tax of RM8.015 million as compared to the preceding year corresponding period of RM7.165 million. The increase in profit before tax of RM0.85 million or 12% was mainly due to higher revenue.

B2 Comparison With Immediate Preceding Quarter's Results

	Individual Quarter Ended		Variance	
	31/03/2017 RM'000	31/12/2016 RM'000	RM'000	%
Revenue	20,561	30,770	(10,209)	(33)
Profit before tax	985	5,418	(4,433)	(82)

The Group's revenue recorded in the current quarter was RM20.561 million as compared to RM30.770 million in the immediate preceding quarter was mainly due to seasonal factor as stated in Note A3. As a result of the lower revenue, the Group recorded a lower profit before tax of RM0.985 million in current quarter as compared to RM5.418 million in the immediate preceding quarter.

B3 Prospects

The Board anticipates that the performance of the Group remain challenging in the following quarter due to the uncertain macro-economic outlook and increase in operating expenses. 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 March 2017 is as follows:

	Current Year Quarter RM '000	Current Year To Date RM '000
Income tax:		
Current year	147	1,403
Prior year	57	58
Deferred tax:		
Current year	105	249
	<u>309</u>	<u>1,710</u>



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B5 Tax Expense (Continued)

The effective tax rate of the Group for the current quarter was higher than statutory tax rate mainly due to underprovision of current tax expense in prior year, while the effective tax rate of the Group for the current year to date was lower than the statutory tax rate mainly due to utilisation of unabsorbed losses against the profit of certain subsidiaries.

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 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) ("CWG") ("CWG Shares"), on the basis of 2 new CWG Shares for every 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 CWG and the admission of CWG 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 CWG Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing"); and
- b) proposed renounceable rights issue of up to 42,096,701 CWG Shares ("Rights Shares") on the basis of 1 Rights Share for every 2 CWG Shares held on an entitlement date to be determined and announced later ("Proposed Rights Issue").

(Collectively, the above are referred to as the "Proposals")

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

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 6 months from 10 January 2017.

On 8 March 2017, Bursa Securities had, vide its letter dated 7 March 2017, approved the following:

- i) admission of CWG to the Official List of Bursa Securities and the listing of and quotation for the enlarged issued share capital of CWG of RM42,096,701 comprising 84,193,402 CWG Shares under the "Consumer Products" sector on the Main Market of Bursa Securities, in place of CWCB; and
- ii) listing and quotation of up to 42,096,701 Rights Shares to be issued pursuant to the Proposed Rights Issue.

The approval of shareholders of CWCB has been obtained at the Court Convened Meeting in relation to the Proposed Internal Reorganisation and Extraordinary General Meeting in relation to the Proposed Internal Reorganisation and Proposed Rights Issue held on 19 April 2017.

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



EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B7 Group Borrowings And Debt Securities

Group borrowings as at 31 March 2017 are as follows:

	Secured RM'000	Unsecured RM'000
a) <u>Short term borrowings</u>		
Bank overdrafts	-	1,319
Bankers' acceptances and trust receipts	-	13,155
Hire purchase payables	1,667	-
Term loan	625	-
	<u>2,292</u>	<u>14,474</u>
b) <u>Long term borrowings</u>		
Hire purchase payables	1,999	-
Term loan	3,333	-
	<u>5,332</u>	<u>-</u>
c) The Group borrowings are denominated in the following currencies:		
	Financial Period ended 31/03/2017 RM'000	Financial Year ended 30/06/2016 RM'000
Ringgit Malaysia	22,098	23,542
United States Dollars	-	1,986
	<u>22,098</u>	<u>25,528</u>

B8 Changes In Material Litigation

The Group is not engaged in any material litigation as at 24 May 2017.

B9 Proposed Dividends

There was no dividend proposed in the current and previous corresponding quarter.

B10 Earnings Per Share

	Current Year Quarter RM'000	Current Year To Date RM'000
Profit for the period	<u>676</u>	<u>6,305</u>
	No. of Shares '000	No. of Shares '000
Number of ordinary shares	<u>42,097</u>	<u>42,097</u>
Weighted average number of shares	<u>42,097</u>	<u>42,097</u>
Basic earnings per share (sen)	<u>1.61</u>	<u>14.98</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.



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EXPLANATORY NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B12 Realised And Unrealised Profits Or Losses

	Financial Period ended 31/03/2017 <u>RM'000</u>	Financial Year ended 30/06/2016 <u>RM'000</u>
Total retained profits/(accumulated losses) of Chee Wah Corporation Berhad and its subsidiaries:		
- Realised	4,501	(762)
- Unrealised	<u>2,281</u>	<u>2,727</u>
	6,782	1,965
Add: Consolidation adjustments and eliminations	6,901	6,886
Total Group retained profits as per consolidated accounts	<u><u>13,683</u></u>	<u><u>8,851</u></u>

B13 Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Year Quarter <u>RM'000</u>	Current Year To Date <u>RM'000</u>
Profit for the period is arrived at after crediting/(charging):		
- Bad debts recovered	1	2
- Deposits forfeited	34	34
- Depreciation of property, plant and equipment	(870)	(2,569)
- (Loss)/Gain on disposal of property, plant and equipment	(9)	45
- (Loss)/Gain on foreign exchange	(199)	414
- Interest expenses	(329)	(1,077)
- Interest income	5	5
- Allowance of inventories written down	(64)	(170)
- Loss on financial instruments at fair value through profit or loss (classified as held for trading)	-	(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 24 May 2017.