

CHIN WELL HOLDINGS BERHAD

(Company No. 371551-T)
(Incorporated in Malaysia)

MINUTES OF GENERAL MEETING

MINUTES OF THE TWENTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY HELD AT THE CONFERENCE ROOM OF CHIN WELL HOLDINGS BERHAD AT NO. 1586, MK. 11, LORONG PERUSAHAAN UTAMA 1, BUKIT TENGAH INDUSTRIAL PARK, 14000 BUKIT MERTAJAM, PENANG ON THURSDAY, 23 NOVEMBER 2017 AT 11.00 A.M.

- Present : Mr. Lim Chien Ch'eng (In the Chair)
Mr. Tsai Yung Chuan
Madam Tsai Chang Hsiu-Hsiang
Mr. Ung Peng Joo
Mr. Ong Eng Choon
Cik Sharmin Fazlina Binti Mohd Shukor
and 22 other shareholders and proxies as per attendance list
- Absent with apologies : Ms. Tsai Chia Ling
- By Invitation : 5 invited guests as per Attendance List
- In Attendance : Mr. Lee Peng Loon (Company Secretary)

1. COMMENCEMENT

On behalf of the Board of Directors of Chin Well Holdings Berhad ("Chin Well" or "the Company"), the Company's Chairman, Mr. Lim Chien Ch'eng welcomed all members and invited guests present to the Company's 21st Annual General Meeting ("AGM").

Before the Chairman proceeded with the meeting's agenda, he informed members present that the AGM acts as a forum for interactions with members and members present should participate actively.

Without further delay, he called upon the Company Secretary to confirm the number of proxy forms received and the presence of a quorum for the Company's 21st AGM.

The Company Secretary, Mr. Lee Peng Loon, confirmed that 30 proxies forms were received within the prescribed period and the said proxy forms were available for members' inspection at the registration desk.

The Company Secretary also informed the Chairman that in accordance with Article 76 of the Company's Articles of Association (Constitution), 2 members present in person or by proxy would constitute a quorum at a general meeting and was pleased to confirm the presence of the requisite quorum as at the commencement of the meeting.

The requisite quorum being present, the Chairman called the 21st AGM to order at 11.00 a.m.

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2. CHAIRMAN'S ADDRESS

The Company Secretary invited the Chairman to address the meeting.

The Chairman again welcomed all members, proxies and invited guests and thanked them for their kind presence at the Company's 21st AGM.

The Financial Year 2017

The Chairman informed members that the financial year 2017 had been another challenging year for Chin Well. Fluctuations in the world's commodities prices and the unpredictable developments in the USA and Europe had weighed down business confidence and consumer consumption sentiments in the region. The business environment in Europe became more competitive as manufacturers in China had made a comeback to the industry with lower pricing after the removal of Anti-Dumping duties imposed on imports of China-made fasteners into Europe by the European Union Commission in 2016.

Domestically, the Malaysian economy had grown at a faster pace of 5.7% in the 1st half of 2017 underpinned by the services and manufacturing sectors. Despite the healthy report and the overall positive outlook of the Malaysian's growth plan, the property sector was not as rosy in the light of escalating costs, falling demand and other prevailing economic conditions had deterred the demands for fasteners.

Amidst weaker export demand, escalating business cost and the tight labour market, the Group had managed to close with a set of respectable results for the financial year 2017. Revenue for 2017 was RM521.29million, representing an increase of RM13.15million or approximately 2.59% as compared to the financial year 2016. The Group's revenue recorded in 2017 was mainly driven by the following factors:-

- Higher sales of steel bars in the local market;
- Introduction of new grill mesh products with higher overall selling prices;
- Offset by the lower export sales due to the slow-down in the European market in the 1st half of the financial year coupled with lower selling prices; and
- Net off by certain sales orders forgone due to insufficient direct labour in our production plant.

Despite the higher revenue, the gross profit of the Group dropped by 14.43% from RM107.21 million recorded in financial year 2016 to RM91.74 million in financial year 2017. The higher revenue did not keep the gross profit in line due to lower margin from the trading of steel bars coupled with intense price erosion of the manufactured fasteners products resulting from the aggressive low price manufacturers from China. Towards the end of financial year 2017, imposition of the safeguard duty of 13.90% on the steel wire rod imported from China had increased the Company's product cost which further eroded the bottom line. Nevertheless, the profit margin had been partially cushioned by better margin gain from the Wire products.

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In line with the lower gross profit, the Group posted a lower profit before tax of RM62.18 million in financial year 2017 versus RM74.80million in financial year 2016.

Dividends

The positive results had enabled the Group to pay total dividends amounting to 6.80 sen per share through two interim single-tier dividends of 3.50 sen and 3.30 sen respectively. The total dividend payout of RM20.37million represented 40.01% of the Group's net profits, which is in line with the Group's dividend policy.

The Year Ahead 2018

The Group intends to increase the contribution from its DIY fasteners segment through the increase of distribution network in the Europe and US markets. As for the Company's fastener products, the Company expects lesser price war from China in view of rising manufacturing costs following the implementation of the Urban Blue Sky Project by the Chinese Government.

Whilst for the Company's wire division, it is heartening to note that more resources will be allocated to increase the production capacity for mesh wire products due to the rapid rise in mesh wire sales.

The Company believes that the strong fundamentals of its core businesses will enable it to continue the Company's growth momentum. To mitigate the negative impact of rising costs, tight labour market and challenging business environment, the Group will continue to manage its costs and optimizing productivity through increased operational and manufacturing efficiencies and to expand its network to generate better sales volume.

Acknowledgements

In closing, the Chairman extended his appreciation to the Board of Directors for their invaluable contribution towards the Group, developing and steering it through the challenges over the years.

On behalf of the Board he thanked the management staff and employees of the Group for their hard work that has kept the Group going and achieving great results. Finally he extended his gratitude to all business partners and shareholders for their support. He thanked them for the belief that they had placed in the Company and the Company will continue to work towards delivering greater shareholder value in the years ahead.

Appreciation

Lastly, he took the opportunity to thank Mr. Ung Peng Joo who was retiring from the Board at the Annual General Meeting, for his dedication and valuable contribution to the Group since his appointment to the Board in 1999.

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3. NOTICE OF MEETING

The notice convening the 21st AGM had been sent to all members, Bursa Malaysia Securities Berhad, the Stock Exchange and Messrs. Grant Thornton, the auditors of the Company in accordance with the Company's Constitution.

As there were no objections from the floor, the notice convening the AGM was taken as read.

4. POLL VOTING AND SCRUTINEERS

The Chairman then informed members and proxies present that a total of 9 resolutions would be tabled for approval by members at this AGM and accordingly, all the 9 resolutions would be voted upon by poll.

He also informed that a poll would be carried out after the last agenda for today's AGM had been completed.

Members and proxies present also been notified that the Company had appointed Niche Unity Consultants Sdn. Bhd. as the Independent Scrutineers for the polling and votes counting verification.

5. AUDITED FINANCIAL STATEMENTS

The first agenda on the morning's meeting was to receive the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of Directors and Auditors thereon.

The Chairman then asked members and proxies present whether they had any questions on the said financial statements.

As there were no questions from the floor, the Chairman declared that the Audited Financial Statements for the financial year ended 30 June 2017 together with the Reports of Directors and Auditors thereon, were thus tabled and received.

6. RESOLUTION NO. 1 - RE-ELECTION OF MS. TSAI CHIA LING

The Chairman proceeded to the first resolution and that was to re-elect of Ms. Tsai Chia Ling who was retiring by rotation as a Director of the Company in accordance with Article 102(1) of the Company's Constitution and being eligible, had offered herself for re-election.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

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7. RESOLUTION NO. 2 - RE-ELECTION OF CIK SHARMIN FAZLINA BINTI MOHD SHUKOR

The next resolution was on the re-election of Cik Sharmin Fazlina Binti Mohd Shukor who was also retiring by rotation as a Director of the Company in accordance with Article 102(1) of the Company's Constitution and being eligible, had offered herself for re-election.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

8. RESOLUTION NO. 3 - PAYMENT OF DIRECTORS' FEES

The Chairman moved on to the next item on the agenda and that was to approve the increase of Directors' Fee from RM210,000 to RM315,000 and the payment of Directors' Fees amounting to RM315,000 for the financial year ended 30 June 2017.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

9. RESOLUTION NO. 4 - PAYMENT OF DIRECTORS' BENEFITS

The Chairman informed members and proxies present that the next resolution was to approve the payment of Directors' Benefits up to an amount not exceeding RM70,000 from 01 February 2017 until the conclusion of the next AGM of the Company.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

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10. RESOLUTION NO. 5 – RE-APPOINTMENT OF AUDITORS

The next agenda was to re-appoint Messrs. Grant Thornton as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration.

Members and proxies present were informed by the Chairman that the current auditors, Messrs. Grant Thornton, was retiring as auditors of the Company at this AGM and they had indicated their willingness to accept re-appointment to hold office until the conclusion of the next AGM of the Company.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

11. RESOLUTION NO. 6 – PROPOSED CONTINUATION OF MR. LIM CHIEN CH'ENG AS INDEPENDENT DIRECTOR (SPECIAL BUSINESS)

The Chairman informed members present that the proposed resolutions nos. 6 and 7 under Special Business, if passed, would allow the Independent Non-Executive Directors, namely Mr. Ong Eng Choon, and himself to be retained and continue acting as Independent Non-Executive Directors of the Company to fulfill the requirements of the Main Market Listing Requirements and to be in line with the recommendations of the Malaysian Code of Corporate Governance 2012. The details of justifications were set out in the Company's Annual Report for the financial year ended 30 June 2017.

The Chairman then asked the Company Secretary to take over the Chair as the next resolution concerned his re-appointment as Independent Non-Executive Director of the Company.

The Company Secretary thanked the Chairman and informed members and proxies present that the Resolution No. 6 was to consider and approve the continuation of the Company's Chairman, Mr. Lim Chien Ch'eng as the Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company.

The Company Secretary then welcomed questions from the floor.

As there were no questions raised, the Company Secretary informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

The chair was handed back to Mr. Lim Chien Ch'eng to continue with the meeting.

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12. RESOLUTION NO. 7 - PROPOSED CONTINUATION OF MR. ONG ENG CHOON AS INDEPENDENT DIRECTOR (SPECIAL BUSINESS)

The next resolution under Special Business was also to consider and if thought fit, to pass with or without modifications, the approval for Mr. Ong Eng Choon to continue to act as an Independent Non-Executive Director of the Company and to hold office until the conclusion of the next AGM of the Company.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

13. RESOLUTION NO. 8 – PROPOSED RENEWAL OF GENERAL MANDATE FOR DIRECTORS TO ALLOT AND ISSUE SHARES (SPECIAL BUSINESS)

The Chairman moved on to the next resolution under special business and that was to consider and if thought fit, to pass with or without modifications, the Resolution No. 8 on the proposed renewal of general mandate for the Directors to allot and issue shares.

He then informed members and proxies present that the Resolution 8, if passed, would allow the Directors to allot and issue new shares in the Company up to an amount not exceeding 10% of the total number of issued capital of the Company for the time being for such purposes as the Directors considered would be in the best interest of the Company. This mandate, unless revoked or varied by the shareholders of the Company in general meeting would expire at the conclusion of the next AGM.

The rationale for obtaining this mandate at this AGM was to provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this AGM, the Company had not issued any new shares pursuant to the general mandate granted at the last AGM of the Company.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

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14. RESOLUTION NO. 9 – PROPOSED SHARE BUY-BACK RENEWAL (SPECIAL BUSINESS)

The final resolution on this morning's agenda under special business was to consider and if thought fit, to pass with or without modifications, the Resolution No. 9 on the proposed renewal of share buy-back authority of up to 10% of the total number of issued share of the Company.

The Chairman informed members and proxies present that the proposed resolution, if passed, would enable the Directors of the Company to purchase its own shares up to 10% of the total number of issued share of the Company by utilising the funds allocated which should not exceed the retained profits of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting would expire at the conclusion of the next AGM.

The Chairman then welcomed questions from the floor.

As there were no questions raised, the Chairman informed members and proxies present that a poll on this resolution would be carried out upon completion of the remaining business of the meeting.

15. ANY OTHER BUSINESS

The Chairman confirmed that the Company did not receive any notice for any other business at this 21st AGM.

16. POLL VOTING

The Chairman then briefed members and proxies present on the polling process.

Members and proxies present proceeded to complete the poll voting slips for the 9 resolutions and were guided to drop their poll voting slips into the ballot box located at the hall.

After the completed poll voting slips were dropped into the ballot box by the members and proxies present, the Chairman adjourned the meeting for half an hour to enable the Independent Scrutineers to tabulate the votes.

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17. RESULTS OF THE VOTES

The Company's 21st AGM resumed at 11.50 a.m. and the results of votes as confirmed and certified by the Independent Scrutineers, Niche Unity Consultants Sdn. Bhd. were as follows:-

Resolution	No. of shares and % voted	
	For	Against
Resolution 1 – Re-election of Tsai Chia Ling as a Director	192,140,746 (99.6881%)	601,200 (0.3119%)
Resolution 2 – Re-election of Sharmin Fazlina Binti Mohd Shukor as a Director	192,741,946 (100%)	0
Resolution 3 – Payment of Directors' Fee	192,291,346 (99.7662%)	450,600 (0.2338%)
Resolution 4- Payment of Directors' Benefits	192,140,746 (99.6881%)	601,200 (0.3119%)
Resolution 5- Re-appointment of auditors	192,741,946 (100%)	0
Resolution 6- Re-appoint Lim Chien Ch'eng as Independent Director	192,053,446 (99.6428%)	688,500 (0.3572%)
Resolution 7 – Re-appoint Ong Eng Choon as Independent Director	192,654,646 (99.9547%)	87,300 (0.0453%)
Resolution 8 – Proposed Renewal of General Mandate for Directors to Allot and Issue New Shares	182,562,146 (94.7184%)	10,179,800 (5.2816%)
Resolution 9 – Proposed Share Buy-Back Renewal	192,732,446 (99.9951%)	9,500 (0.0049%)

The Chairman declared all the resolutions put to the 21st AGM were carried.

18. TERMINATION

The meeting was declared closed at 12.00 p.m. with a vote of thanks to the Chair.

CONFIRMED CORRECT,



LIM CHIEN CH'ENG

Chairman