

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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CHIN WELL HOLDINGS BERHAD
Registration No. 199501042347 (371551-T)
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

IN RELATION TO

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR
THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE
TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

The Notice convening the 24th Annual General Meeting ("AGM") of the Company will be 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 Wednesday, 25 November 2020 at 11.00 a.m., together with the Proxy Form are enclosed in the Company's Annual Report for the financial year ended 30 June 2020.

If you decide to appoint a proxy to attend and vote on your behalf at the AGM, the completed Proxy Form must be lodged at the Company's registered office at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time appointed for holding the AGM or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

This Statement is dated 23 October 2020

IN THIS STATEMENT, THE FOLLOWING ABBREVIATIONS SHALL HAVE THE FOLLOWING MEANINGS UNLESS OTHERWISE STATED:-

Act	— The Companies Act, 2016 and any statutory modification, amendment or re-enactment thereof for the time being in force.
AGM	— Annual General Meeting
Annual Report 2020	— Annual Report for the financial year ended 30 June 2020
Board	— Board of Directors of CWHB
Bursa Securities	— Bursa Malaysia Securities Berhad
Code	— Malaysian Code of Take-Overs and Mergers, 2016 and any amendments thereof from time to time
CWHB or the Company	— Chin Well Holdings Berhad
CWHB Group or the Group	— CWHB and its subsidiary companies
CWHB Share(s) or Share(s)	— Ordinary shares in CWHB
EPS	— Earnings Per Share
Listing Requirements	— Main Market Listing Requirements of Bursa Securities including any amendments thereto that may be made from time to time
LPD	— 12 October 2020, being the latest practicable date prior to the printing of this Circular
Market Day	— A day on which Bursa Securities is open for trading in securities
Proposed Share Buy-Back Renewal	— Proposed renewal of share buy-back authority for the Company to purchase its own shares of up to 10% of the total number of issued shares of the Company
RM	— Ringgit Malaysia
Substantial Shareholder	— A person who has an interest or interests in one (1) or more voting shares in CWHB and the number or the aggregate number of such shares is not less than 5% of the total number of voting shares in CWHB.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

SHARE BUY-BACK STATEMENT
IN RELATION TO
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY
FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10%
OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY

1. INTRODUCTION

On 02 October 2020, the Board announced to Bursa Securities that the Company proposes to seek its shareholders' approval for the Proposed Share Buy-Back Renewal at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Share Buy-Back Renewal and to seek your approval for the Ordinary Resolution pertaining to the Proposed Share Buy-Back Renewal to be tabled under Special Business at the forthcoming AGM. The Notice of the 24th AGM and the Proxy Form are enclosed in the Annual Report 2020.

2. PROPOSED SHARE BUY-BACK RENEWAL

2.1 Details of the Proposed Share Buy-Back Renewal

The Company is proposing to seek a renewal of share buy-back authority from the shareholders at the forthcoming AGM of CWHB to be convened on 25 November 2020 for the Company to purchase up to 10% of the total number of issued shares of the Company.

The Proposed Share Buy-Back Renewal will be effective immediately upon passing of the Ordinary Resolution pertaining to the Proposed Share Buy-Back Renewal by shareholders of CWHB at the forthcoming AGM and will continue to be in force until :-

- a) the conclusion of the next AGM of CWHB at which such resolution was passed at which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
- b) the expiration of the period within which the next AGM of CWHB after that date it is required by law to be held; or
- c) the authority is revoked or varied by ordinary resolution passed by the shareholders of CWHB in a general meeting;

whichever occurs first.

2.2 MAXIMUM LIMIT

The total issued share capital of the CWHB as at LPD is 299,533,168. Pursuant to the authority granted at last AGM, the Company had purchased 10,187,400 CWHB Shares held as treasury shares as at LPD.

The maximum number of CWHB Shares which may be purchased and/or held by the Company as treasury shares under the Proposed Share Buy-Back Renewal, if approved at the forthcoming AGM, will be 10% of the total issued shares of CWHB excluding treasury shares retained by CWHB.

The actual number of CWHB Shares to be purchased and the timing of such purchase will depend on amongst others the prevailing equity market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company at the time of the purchase.

2.3 Source of Funds

The Proposed Share Buy-Back Renewal will be financed through internally generated funds and the Shares will be purchased from the open market on Bursa Securities. The maximum funds to be allocated by the Company for the purchase of CWHB Shares on open market shall not exceed the retained profits of the Company.

Based on the latest audited financial statements of CWHB for the financial year ended 30 June 2020, the Company's retained profits account was at RM126,325,874.

2.4 Public Shareholding Spread

As at LPD, the public shareholding spread of CWHB was 40.92% with 3,341 shareholders. Assuming that the Proposed Share Buy-Back Renewal is carried out to a maximum of 19,765,916 CWHB Shares and held as treasury shares, the public shareholding of the Company would potentially be reduced to 36.59%.

The Board will be mindful of the public shareholding spread requirement before making any purchases of CWHB Shares.

2.5 Implications on the Code

The Proposed Share Buy-Back Renewal is not expected to trigger the obligation to undertake a mandatory offer under the Code by any of the Company's substantial shareholders and/or parties acting in concert with them.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of the CWHB Shares pursuant to the Proposed Share Buy-Back Renewal.

2.6 Purchase Price and Resale Price

In accordance with the Listing Requirements, CWHB may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the weighted average market price for CWHB Shares for the 5 Market Days immediately before the date of purchase(s). An immediate announcement will be made to Bursa Securities of any purchase(s) of its own shares on the date of purchase.

Where CWHB decides to resell the treasury shares on Bursa Securities, the Company may only do so at:

- a) a price which is not less than the weighted average market price for CWHB Shares for the 5 Market Days immediately before the resale; or
- b) a discounted price of not more than 5% to the weighted average market price for the CWHB Shares for the 5 Market Days immediately before the resale provided that :
 - i) the resale takes place not earlier than 30 days from the date of purchase; and
 - ii) the resale price is not less than the cost of purchase of CWHB Shares being resold.

2.7 Treatment of Shares Purchased

In accordance with the Act, the Board may deal with the CWHB Shares so purchased in the following manner:-

- a) cancel the Shares so purchased; or
- b) retain the Shares so purchased as treasury shares; or

- c) retain part of the Shares so purchased as treasury shares and cancel the remaining Shares; or
- d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or transfer the Shares or any of the Shares for purposes of or under an employees' share scheme and/or transfer the Shares or any of the Shares as purchase consideration and/or cancel all or part of them; or
- e) sell, transfer or otherwise use the Shares for such other purposes as the Minister may by order prescribe.

2.8 Ranking of Shares Purchased

In the event the Shares so purchased pursuant to the Proposed Share Buy-Back Renewal are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended.

The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the Act, the Constitution of CWHB or the Listing Requirements in respect of substantial shareholding, the requisitioning of meetings, the quorum of a general meeting and the result of a vote on a resolution at a general meeting.

2.9 Potential Advantages and Disadvantages

The potential advantages of the Proposed Share Buy-Back Renewal are as follows:

- a) The Company's share capital base will be reduced pursuant to the Proposed Share Buy-Back Renewal, which may increase the likelihood of a higher dividend rate being declared in the future;
- b) With the Shares so purchased being retained as treasury shares, it will provide the Board with an option to sell the treasury shares at a higher price and therefore make a gain for the Company; and
- c) The treasury shares can also be distributed as share dividends to reward the shareholders.

The potential disadvantages of the Proposed Share Buy-Back Renewal are as follows:

- a) Reduction of the financial resources of the Company available for distribution to the shareholders of the Company in the foreseeable future;
- b) Resultant opportunity costs for the Company as better investment opportunities may be foregone in the future with the reduction in financial resources of CWHB Group available upon implementation of the Proposed Share Buy-Back Renewal; and
- c) Deprive the Group of interest income that can be derived from the funds utilized for the Proposed Share Buy-Back Renewal.

The Proposed Share Buy-Back Renewal is not expected to have any potential material disadvantages to the Company and its shareholders and it will be implemented only after taking into consideration, amongst others, the financial resources of the Group, and of the resultant impact on the shareholders of the Company.

2.10 Details of Purchases in Preceding 12 Months

Details of purchases of CWHB Shares made in the preceding 12 months are as follows:

Date of Purchase	Total Shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Purchase Consideration (RM)
24.10.2019	20,000	1.65	1.65	1.65	33,219.78
25.10.2019	40,000	1.65	1.65	1.65	66,439.56
30.10.2019	7,100	1.64	1.64	1.64	11,721.55
31.10.2019	40,900	1.63	1.64	1.63267	67,220.94
01.11.2019	20,000	1.62	1.62	1.62	32,615.78
04.11.2019	1,500	1.62	1.62	1.62	2,473.13
05.11.2019	49,000	1.62	1.62	1.62	79,908.68
06.11.2019	35,000	1.61	1.61	1.61	56,725.30
15.11.2019	56,000	1.58	1.60	1.59732	90,045.66
18.11.2019	121,000	1.56	1.58	1.56661	190,219.48
19.11.2019	10,000	1.55	1.55	1.55	15,603.23
21.11.2019	20,000	1.53	1.54	1.535	30,904.46
25.11.2019	10,000	1.52	1.52	1.52	15,301.23
26.11.2019	10,000	1.51	1.51	1.51	15,200.57
28.11.2019	150,000	1.47	1.50	1.48067	222,873.41
29.11.2019	120,000	1.36	1.47	1.415	170,390.90
12.12.2019	30,000	1.37	1.37	1.37	41,373.73
26.12.2019	34,000	1.37	1.37	1.37	46,890.23
27.12.2019	18,400	1.37	1.37	1.37	25,375.90
30.12.2019	3,000	1.37	1.37	1.37	4,153.64
31.12.2019	6,000	1.37	1.37	1.37	8,274.75
07.01.2020	8,600	1.37	1.37	1.37	11,860.47
22.01.2020	4,800	1.37	1.37	1.37	6,620.38
23.01.2020	141,900	1.36	1.37	1.3677	194,752.02
28.01.2020	25,000	1.37	1.37	1.37	34,478.11
30.01.2020	49,000	1.37	1.37	1.37	67,577.09
31.01.2020	111,000	1.36	1.38	1.36676	152,238.32
03.02.2020	115,900	1.34	1.36	1.35025	157,038.58
04.02.2020	5,000	1.35	1.35	1.35	6,794.96
05.02.2020	60,000	1.36	1.36	1.36	82,143.46
10.02.2020	900	1.36	1.36	1.36	1,266.77
13.02.2020	900	1.36	1.36	1.36	1,266.77
24.02.2020	139,900	1.34	1.36	1.35335	189,992.55
25.02.2020	20,200	1.35	1.35	1.355	27,553.30
26.02.2020	19,200	1.36	1.36	1.36	26,285.91
27.02.2020	12,800	1.36	1.36	1.36	17,523.95
28.02.2020	10,000	1.26	1.26	1.26	12,683.92
02.03.2020	85,000	1.16	1.17	1.16294	99,508.25
05.03.2020	144,800	1.15	1.16	1.1581	168,276.45
06.03.2020	57,800	1.16	1.16	1.16	67,494.55
09.03.2020	335,000	1.10	1.15	1.12174	377,090.63
10.03.2020	93,500	1.10	1.10	1.10	103,207.92
11.03.2020	83,000	1.10	1.10	1.10	91,908.06
12.03.2020	342,900	1.07	1.10	1.08207	372,333.04
13.03.2020	119,400	1.00	1.07	1.05506	126,412.56
16.03.2020	199,100	0.92	1.00	0.94203	188,210.87
21.04.2020	67,200	0.975	0.995	0.98393	66,560.46
22.04.2020	31,900	0.965	0.98	0.9744	31,290.38
23.04.2020	8,800	0.975	0.975	0.975	8,637.15
24.04.2020	20,000	0.97	0.975	0.9725	19,579.54
27.04.2020	28,100	0.96	0.97	0.96534	27,306.72

Date of Purchase	Total Shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Purchase Consideration (RM)
28.04.2020	10,000	0.96	0.96	0.96	9,663.94
18.05.2020	22,000	0.97	0.97	0.97	21,482.13
21.05.2020	6,500	0.98	0.98	0.98	6,412.43
22.05.2020	147,000	0.96	0.98	0.97041	143,146.70
27.05.2020	81,000	0.96	0.965	0.96253	78,484.18
10.06.2020	84,000	1.04	1.05	1.04881	88,686.79
11.06.2020	182,200	1.02	1.04	1.03196	188,677.43
12.06.2020	208,000	0.985	1.01	1.00308	209,366.72
15.06.2020	195,000	0.99	1.01	0.99767	195,222.68
16.06.2020	85,000	0.99	1.00	0.99647	85,264.05
17.06.2020	44,900	0.99	1.00	0.9922	44,846.49
12.08.2020	32,000	0.985	0.99	0.98969	31,881.01
TOTAL...	4,241,100				5,067,959.60

The Company has not resold or transferred or cancelled any treasury shares in the preceding 12 months and up to the LPD.

3. RATIONALE OF THE PROPOSED SHARE BUY-BACK RENEWAL

The procurement of the shareholders' approval for the Proposed Share Buy-Back Renewal would enable the Company to purchase its own Shares as and when appropriate and at market prices which the Board views favourable.

The Proposed Share Buy-Back Renewal will enable CWHB to utilise any of its surplus financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market.

The Shares so purchased by the Company can be held as treasury shares and resold on Bursa Securities at a higher price. The Company may also utilise the treasury shares as share dividends for future dividend pay-out.

4. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the directors, substantial shareholders and/or persons connected to them has any interest, direct or indirect, the Proposed Share Buy-Back Renewal.

The details of shareholdings held by directors, substantial shareholders and/or persons connected to them as at LPD and the pro forma effects of the Proposed Share Buy-Back Renewal as at LPD are as follows:-

Directors	Shareholdings as at LPD				After the Proposed Share Buy-Back Renewal and assuming the maximum Shares are purchased			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tsai Yung Chuan	-	-	162,306,846 ^{N1}	56.09	-	-	162,306,846 ^{N1}	60.21
Lim Chien Ch'eng	5,998,650	2.07	1,765,314 ^{N2}	0.61	5,998,650	2.23	1,765,314 ^{N2}	0.65

Notes:

N1 Deemed interested by virtue of Section 8 of the Act held through Benua Handal Sdn. Bhd.

N2 Deemed interested by virtue of Section 8 of the Act held through Indra Cempaka Sdn. Bhd.

Substantial Shareholders	Shareholdings as at LPD				After the Proposed Share Buy-Back Renewal and assuming the maximum Shares are purchased			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Benua Handal Sdn. Bhd.	162,306,846	56.09	-	-	162,306,846	60.21	-	-
KBL Euro PB for Samarang Ucits – Samarang Asian Prosperity	28,285,000	9.78	-	-	28,285,000	10.49	-	-
Tsai Yung Chuan	-	-	162,306,846 ^{N1}	56.09	-	-	162,306,846 ^{N1}	60.21
Tsai Chia Ling	-	-	162,306,846 ^{N1}	56.09	-	-	162,306,846 ^{N1}	60.21
Tsai Cheng Hsun	-	-	162,306,846 ^{N1}	56.09	-	-	162,306,846 ^{N1}	60.21
Tsai Chia Wen	-	-	162,306,846 ^{N1}	56.09	-	-	162,306,846 ^{N1}	60.21

Note:

N1 Deemed interested by virtue of Section 8 of the Act held through Benua Handal Sdn. Bhd.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK RENEWAL

5.1 Issued Shares

The effect of the Proposed Share Buy-Back Renewal on the total number of issued shares of CWHB will depend on the intention of the Board with regard to the treatment of the Shares so purchased.

If the Shares so purchased are cancelled, the total number of issued shares of CWHB will be reduced by the number of Shares so cancelled. However, if the Shares so purchased are retained as treasury shares, resold or distributed to shareholders as dividends, the Proposed Share Buy-Back Renewal will not have any effect on the total number of issued shares of the Company.

Assuming the maximum number of CWHB Shares are purchased and subsequently cancelled, the pro forma effects of the Proposed Share Buy-Back Renewal on the total issued shares of the Company are as follows:-

	No. of Shares
Total number of issued shares (excluding treasury shares) as at LPD	289,345,768
Assuming maximum CWHB Shares to be purchased under the Proposed Share Buy-Back Renewal are cancelled	(19,765,916)
Total number of issued shares in the event the purchased shares are cancelled	269,579,852

5.2 Earnings and EPS

The effect of the Proposed Share Buy-Back Renewal on EPS of the Group will depend on the actual number of Shares purchased, the price paid for the Shares and the effective cost of funding of the Group.

5.3 Net Assets

The effect of the Proposed Share Buy-Back Renewal on the net assets per Share of the Group will depend on the actual purchase price of the Shares and the effective cost of funding, loss in interest income of the Company and the treatment of the Shares so purchased.

Assuming the Shares so purchased are retained as treasury shares, the net assets per Share will decrease due to the accounting requirements for treasury shares to be carried at cost resulting in a decrease by the cost of the treasury shares.

Assuming the Shares so purchased are resold, the net assets per Share upon the resale will increase if the Company realises a gain from the resale, and vice versa.

Assuming the Shares so purchase are distributed as dividends, the net assets per Share of the Group will be reduced by the cost of the treasury shares.

5.4 Working Capital

The Proposed Share Buy-Back Renewal will reduce the working capital of the Company, the quantum of which will depend amongst others, the number of Shares purchased and the purchase price of the Shares.

6. DIRECTORS' RECOMMENDATION

The Board, after considered the rationale for the Proposed Share Buy-Back Renewal, is of the opinion that the Proposed Share Buy-Back Renewal is in the best interest of the Company. As such, the Board recommends that you vote in favour of the Ordinary Resolution to be tabled under Special Business at the Company's forthcoming 24th AGM.

7. HISTORICAL MARKET SHARE PRICES OF CWHB

The monthly high and low prices of CWHB Shares as traded on Bursa Securities for the preceding 12 months are as follows:-

Year/Month	High (RM)	Low (RM)
2019		
October	1.71	1.63
November	1.66	1.36
December	1.42	1.36
2020		
January	1.44	1.36
February	1.41	1.17
March	1.22	0.68
April	1.07	0.85
May	1.01	0.94
June	1.10	0.95
July	1.16	1.00
August	1.08	0.97
September	1.00	0.935
October	1.03	0.945

(Source : <https://www.investing.com/equities/chin-well-holdings-bhd-historical-data>)

The last transacted price of CWHB Shares as at LPD was RM0.97.

8. AGM

The 24th AGM of the Company, the notice of which is enclosed in the Annual Report of the Company for the financial year ended 30 June 2020 accompanying this Statement, will be held at The Conference Room of CWHB at No. 1586, MK 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang on Wednesday, 25 November 2020 at 11.00 am, for the purpose of considering and, if thought fit, passing, inter alia, the Ordinary Resolution pertaining to the Proposed Share Buy-Back Renewal.

If you are unable to attend and vote in person at the 24th AGM, you may complete and return the Proxy Form enclosed in the Company's Annual Report in accordance with the instructions printed therein as soon as possible in any event, so as to arrive at the registered office of CWHB at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Proxy Form does not preclude you from attending and voting in person should you subsequently decide to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix for further information.

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APPENDIX

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors, collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement this Statement misleading.

2. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office during normal office hours from Mondays to Fridays (except public holidays) from the date of this Circular up to and including the date of the forthcoming 24th AGM:-

- i) Constitution of the Company; and
- ii) Audited Financial Statements of Group for the past 2 financial years ended 30 June 2019 and 30 June 2020.

