



Chin Well
HOLDINGS BERHAD
199501042347 (371551-T)



Synergising **Sustainability**

.....

ANNUAL REPORT

2020

CONTENTS

Corporate
Information

02

Corporate
Structure

03

Notice of
Annual
General
Meeting

04

Statement
Accompanying
Notice of
Annual
General
Meeting

09

Management
Discussion
& Analysis

10

Directors'
Profile

19

Key
Management
Profile

21

Corporate
Governance
Overview
Statement

23

Additional
Compliance
Information

32

Directors'
Responsibility
Statement

33

Sustainability
Report

34

Statement
on Risk
Management
and Internal
Control

42

Audit
Committee
Report

45

Directors'
Report

48

Directors'
Statement

53

Statutory
Declaration

53

Independent
Auditors'
Report

54

Statement of
Financial
Position

59

Statement of
Comprehensive
Income

60

Consolidation
Statement of
Changes in
Equity

61

Statement of
Changes
in Equity

62

Statement
of
Cash
Flows

63

Notes
to the
Financial
Statements

65

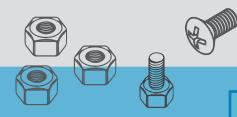
Properties of
the Group

119

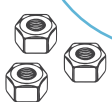
Analysis of
Shareholdings

121

Proxy
Form



DIRECTORS



Lim Chien Ch'eng (Non-Independent Non-Executive Chairman)
Tsai Yung Chuan (Managing Director)
Tsai Chang Hsiu-Hsiang (Executive Director)
Sharmin Fazlina Binti Mohd Shukor (Independent Non-Executive Director)
Ang Seng Oo (Independent Non-Executive Director)
Low Yeaw Seng (Independent Non-Executive Director)

SECRETARIES

Lee Peng Loon (MACS 01258)
P'ng Chiew Keem (MAICSA 7026443)

AUDIT COMMITTEE

Ang Seng Oo (Chairman)
Independent Non-Executive Director

Sharmin Fazlina Binti Mohd Shukor
Member,
Independent Non-Executive Director

Low Yeaw Seng
Member,
Independent Non-Executive Director

REGISTERED OFFICE

51-21-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Georgetown
Penang
Malaysia

Tel : 04-210 8833
Fax: 04-210 8831

BUSINESS ADDRESS

No. 1586 MK11
Lorong Perusahaan Utama 1
Bukit Tengah Industrial Park
14000 Bukit Mertajam
Penang
Malaysia

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10 The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel : 03-7784 3922
Fax: 03-7784 1988

AUDITORS

Grant Thornton (AF : 0042)
Chartered Accountants

PRINCIPAL BANKERS

Chinatrust Commercial Bank (Ho Chi Minh City Branch)
Citibank Berhad
Far East National Bank
Hong Leong Asset Management Bhd.
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Mega International Commercial Bank Co., Ltd.
OCBC Al-Amin Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Bhd.
Vietnam International and Commercial Joint Stock Bank

SOLICITORS

Ghazi & Lim

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



Chin Well
HOLDINGS BERHAD
199501042347 (371551-T)

CHIN WELL HOLDINGS BERHAD ("CWHB")
(Principal Activity : Investment holding)

Chin Well Fasteners Co. Sdn. Bhd.

(a wholly-owned subsidiary of CWHB)

100%

(Principal activity : Manufacturing of screws, nuts, bolts and other fastening products)

Chin Well Service Centre Sdn. Bhd.

(a wholly-owned subsidiary of CWHB)

100%

(Principal activity : Trading in steel bar, screws, nuts, bolts and other fastening products)

Chin Herr Industries (M) Sdn. Bhd.

(a wholly-owned subsidiary of CWHB)

100%

(Principal activity: Manufacturing of precision galvanised wire, annealing wire, bridge wire, hard drawn wire, PVC wire, bent round bar and grill mesh)

Asia Angel Holdings Limited

(a wholly-owned subsidiary of CWHB)

100%

(Principal activity: Investment holding)

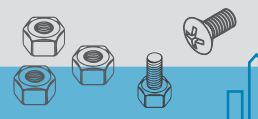
40%

Chin Well Fasteners (Vietnam) Co., Ltd.

(a wholly-owned subsidiary of CWHB)

60%

(Principal activity : Manufacturing of screws, nuts, bolts and other fastening products)



Chin Well
HOLDINGS BERHAD
199501042347 (371551-T)

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting ("AGM") of Chin Well Holdings Berhad ("CWHB" or "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., for the following purposes :-

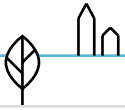
AGENDA

As Ordinary Business :

- | | | |
|----|--|------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2020 together with the Reports of the Directors and Auditors thereon. | Please refer to Note 7 |
| 2. | To re-elect Mr. Tsai Yung Chuan, a Director who retires by rotation in accordance with Article 111 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 1 |
| 3. | To re-elect Mr. Ang Seng Oo, a Director who retires by rotation in accordance with Article 111 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 2 |
| 4. | To re-elect Mr. Low Yeaw Seng, a Director who retires in accordance with Article 118 of the Company's Constitution and who, being eligible, offers himself for re-election. | Resolution 3 |
| 5. | To approve the payment of Directors' fees amounting to RM270,000 for the financial year ended 30 June 2020. | Resolution 4 |
| 6. | To approve the payment of Directors' Benefits payable up to an amount not exceeding RM60,000 for the financial year ending 30 June 2021. | Resolution 5 |
| 7. | 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. | Resolution 6 |

As Special Business :

To consider and if thought fit, to pass with or without modifications, the following resolutions:



As Special Business : (cont'd)

AUTHORITY TO ISSUE SHARES

Resolution 7

8. "THAT, subject to the approvals of the regulatory authorities, the Board of Directors of the Company be hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company.

AND THAT any Executive Director and/or Secretary of the Company be hereby authorised to obtain the approval from Bursa Securities for the listing and quotation of the additional shares to be issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution."

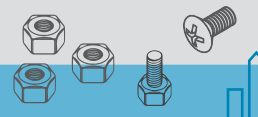
AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

Resolution 8

"THAT, subject always to the Companies Act, 2016 ("the Act"), rules and regulations and orders made pursuant to the Act, the Constitution of the Company and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares ("CWHB Shares") comprised in the total number of issued shares of the Company as may be determined by the Directors from time to time through Bursa Securities subject further to the following:

- (i) the aggregate number of CWHB Shares which may be purchased or held by the Company shall not exceed 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued shares of the Company does not fall below the minimum share capital requirements of the Main LR of Bursa Securities that the Company continues to maintain a shareholding spread that is in compliance with the Main LR after the share purchase;
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CWHB Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company;
- (iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;
 - i. the conclusion of the next AGM of the Company at which such resolution was passed at the which time the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or
 - ii. the expiration of the period within the next AGM of the Company after that date is required by law to be held; or
 - iii. the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CWHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and



As Special Business : (cont'd)

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (CONT'D)**

- (iv) upon completion of the purchase(s) of the CWHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CWHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main LR of Bursa Securities and any other relevant authority for the time being in force,

And that, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said Directors may deem fit and expedient in the best interest of the Company to give full effect to and to complete the purchase of CWHB Shares.

10. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

LEE PENG LOON (MACS 01258)
P'NG CHIEW KEEM (MAICSA 7026443)
Company Secretaries

Penang

Date : 23 October 2020

NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 November 2020. Only a depositor whose name appears on the Record of Depositors as at 17 November 2020 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy may but need not be a member of the Company.
3. For a proxy to be valid, the proxy form duly completed must be deposited at the registered office of the Company 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 instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the registered office during the office hour a day before the meeting.
4. A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

NOTES ON APPOINTMENT OF PROXY (CONT'D)

5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Exempt Authorised Nominee") which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
6. Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
7. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

NOTES ON ORDINARY BUSINESS

8. The Agenda 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require the shareholders' approval for the Audited Financial Statements. Hence, the Agenda 1 is not put forward for voting.
9. The Resolution 5, if passed, will enable the Company to pay meeting allowances and other benefits to the Directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of Directors' benefits payable is estimated based on the number of the Directors involved as well as the number of scheduled meetings of the Board and Board Committees.

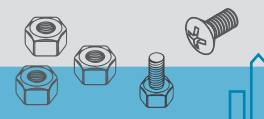
NOTES ON SPECIAL BUSINESS

10. The Resolution 7, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

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

11. The Resolution 8, if passed, will enable the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM. Further information on the Proposed Share Buy-Back Renewal is set out in Share Buy-Back Statement dated 23 October 2020, dispatched together with the Company's Annual Report for the financial year ended 30 June 2020.



NOTES ON ADMINISTRATIVE MATTERS

12. According to the Guidance issued by the Securities Commission on 18 April 2020 and revised on 15 July 2020, a member who wish to attend the forthcoming AGM has to register ahead of the meeting and in any event, no later than 24 November 2020 at 11.00 am so as to enable the Company to make the necessary preparations and/or arrangements by providing the following information to the Company's Share Registrar:-

- (i) Full Name
- (ii) Identity Card or Passport Number
- (iii) CDS Account Number
- (iv) Contact Number

Please do not hesitate to contact the Share Registrar, Bina Management (M) Sdn. Bhd. at 03-77843922 or vide email at binawin@binamg168.com if you have any questions or require any assistance on the above.

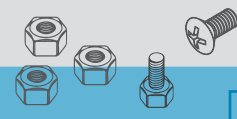
As a precautionary measure against the spread of COVID-19 pandemic, members are strongly encouraged to appoint the Chairman of the Meeting as proxy to vote in his stead.

13. Registration will start at 10.00 am and will end at 11.00 am sharp or at such time as directed by the Chairman of the meeting.
14. In light of the recent COVID-19 pandemic, our Health Officers will conduct a compulsory body temperature screening and hand sanitization at the lobby entrance before members, proxy holders or invited guests ("Attendees") could proceed to the registration counter.
15. Attendees are required to wear face mask at all times and to provide your health declaration via MySejahtera mobile application or to sign a health declaration form with contact details for contact tracing, if required in the future by relevant parties.
16. Attendees with body temperature at 37.5°C and above will not be allowed to enter the venue of the meeting.
17. Attendees under Investigation and/or Person under Surveillance are not allowed to attend the 24th AGM.
18. Attendees are required to adhere to all the precautionary measures in place at the venue of the AGM.
19. Attendees are advised to visit www.mkn.gov.my for further information and/or latest updates, and to abide by the most current regulations at the time when deciding to attend the AGM in person.
20. To ensure social and physical distancing and as a measure to reduce crowds, there will be no door gifts and no food & beverage will be served before the AGM. Kindly collect the take away refreshment pack at the registration counter after the AGM.

- 1) No individuals are standing for election as Directors at the forthcoming 24th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as Directors as in Agenda 2, 3 and 4 of the Notice of the 24th Annual General Meeting of the Company are set out in the Directors' Profile section of this Annual Report.
- 3) The details of the Directors' interests in the securities of the Company as at 12 October 2020 are set out in the Statistics of Shareholdings section of this Annual Report.
- 4) The Resolution 7 tabled under Special Business as per the Notice of 24th Annual General Meeting of the Company dated 23 October 2020 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 27 November 2019.

The proposed renewal of general mandate for issuance of shares will 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 notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.



This Statement contains the management discussion and analysis ("MD&A") of the business operations and performance (including financial performance) of Chin Well Holdings Berhad ("CWHB") Group ("Chin Well Group" or "the Group") for the financial year ended 30 June 2020 ("FY2020").

This MD&A should be read in conjunction with the Audited Financial Statements of the Group for FY2020 as set out in this Annual Report.

This MD&A contains forward-looking statements that reflect our current views in respect to future events. Our actual results may differ from those anticipated in these forward-looking statements as the results of risks and uncertainties.

Company's Profile

Chin Well Group was founded by our Group Managing Director, Mr. Tsai Yung Chuan in 1989. The Group was listed on the Main Board of Bursa Malaysia Securities Berhad (formerly known as KLSE) in 1999 under the umbrella of CWHB. Today, Chin Well Group is one of the world's largest suppliers of carbon steel fasteners such as bolts, nuts, screw etc.

The Group has production facilities in Penang, Malaysia and Dong Nai Province, Vietnam and we manufacture a wide range of fasteners for the use in power, infrastructure and furniture sectors. One of the subsidiaries is involved in trading of steel bar and other fastener products. We have established strong distribution networks in domestic and international markets, with our fasteners being sold to Malaysia (47%), North America (23%), Europe (18%), Asian countries (11%) and the Middle East.

Besides fasteners, the Group is also involved in the manufacturing of precision galvanized wire, PVC wire, and BRC wire and recently into gabion, fences and chicken meshes via our Wire Products division with our production facilities located in Penang.

Economy Overview

The outbreak of Coronavirus ("COVID-19") since end of 2019 had caused interruption of economy activities in many countries worldwide and Malaysia has not been spared. According to Bank Negara Malaysia ("BNM"), Malaysia's economy contracted 17.1% on the year in the second quarter of 2020, reflecting the dire impact of the Coronavirus lockdown imposed through the three-month period from March to June 2020. This is Malaysia's worst performance on record and first quarterly decline since the third period of 2009, amid the global financial crisis. Tourism, manufacturing and investment were among the primary sectors hit by the lockdown. Malaysia was affected badly when compared to the other countries in the region. Singapore's economy contracted 13.2% on the year in the second quarter, while the Philippines posted a 16.5% drop and Indonesia reported a 5.3% fall.

Mitigation efforts, including lockdowns and travel bans in many countries have attempted to slow the rate of infections globally. However, these mitigation efforts had disrupted the global supply chain where not only the volume of trade is significantly reduced, the price of many export products had dropped in particular commodity prices.

With the outbreak of COVID-19 together with the increasing trade tension between the United States of America ("US") and the People Republic of China ("China"), the price and demand for our fasteners have softened significantly in both local and overseas market. After the second-quarter plunge, BNM is projecting a full-year contraction of 3.5% to 5.5% before a rebound to 5.5% to 8.0% growth next year, but the recovery of the country economy is still largely dependent on the successful containment of COVID-19 and the effectiveness of Government economy stimulation package. We are dependent on materialization of planned mega infrastructure projects to boost demand for fasteners.

Vision & Strategy

The Group strives to be a leading manufacturer of high quality carbon steel fasteners and wire products whilst delivering sustainable values to our shareholders, employees, business partners and stakeholders.

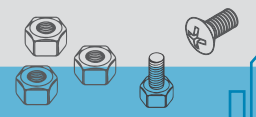
Vision & Strategy (cont'd)

We adopt the following strategies in order to achieve the Group's vision:

- Enhancement of product quality with the aim of zero defects;
- Development of new products via product differentiation and product portfolio expansion;
- New distribution networks or market reach;
- Cost efficiency benefitting from computerised inventory and automated warehousing system;
- Providing one stop supply with wide range of products;
- Develop competencies and skills that increase job efficiency and effectiveness resulting in higher productivity.

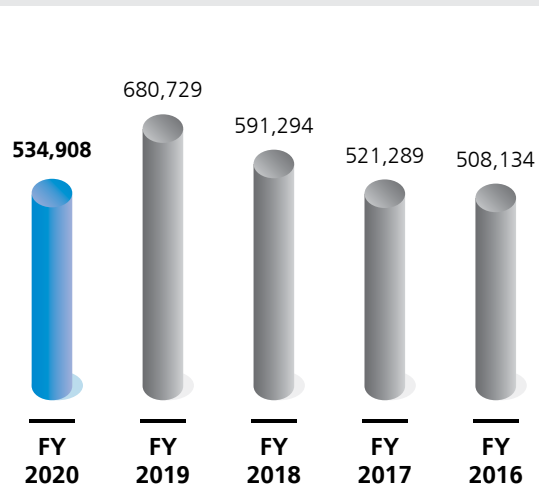
Highlights of the Group's Financial Information for Past 5 Financial Years

	FY2020	FY2019	FY2018	FY2017	FY2016
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	534,908	680,729	591,294	521,289	508,134
Profit before interest & taxation	9,714	71,847	68,117	63,253	76,046
Finance costs	2,414	3,024	1,380	1,077	1,245
Net profit attributable to ordinary shareholders	2,417	57,578	55,885	50,904	63,369
Shareholders' equity	568,762	577,369	543,225	533,524	495,716
Total Assets	678,545	704,204	665,085	621,275	610,485
Borrowings	70,344	89,164	73,072	48,113	60,344
Debts/Equity ratio (%)	12%	15%	13%	9%	12%
Earnings per share (sen)	0.82	19.60	18.83	16.99	21.16
Net assets per share (RM)	1.94	1.97	1.85	1.78	1.65
Dividend per share (sen)	1.50	7.85	8.00	6.80	8.50
Share performance	FY2020	FY2019	FY2018	FY2017	FY2016
Year high (RM per share)	1.83	2.00	1.94	1.85	2.34
Year low (RM per share)	0.68	1.49	1.50	1.45	1.37
Year close (RM per share)	1.01	1.80	1.54	1.79	1.48
Trading volume ('000)	35,044.90	28,390.35	36,750.27	122,613.20	218,846.70
Market capitalisation as of year end 30 June (RM'000)	292,271.55	528,566.16	452,955.69	536,160.,79	443,309.09

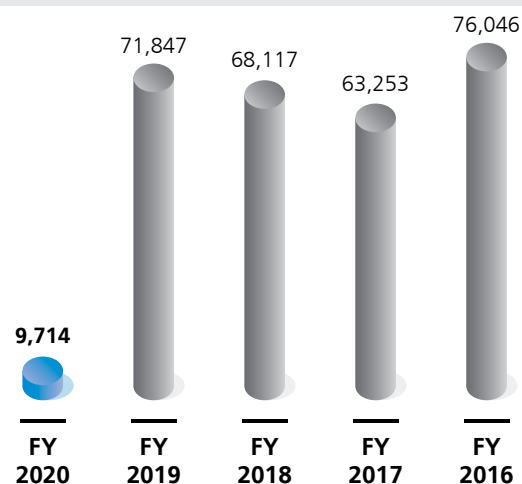


Highlights of the Group's Financial Information for Past 5 Financial Years (cont'd)

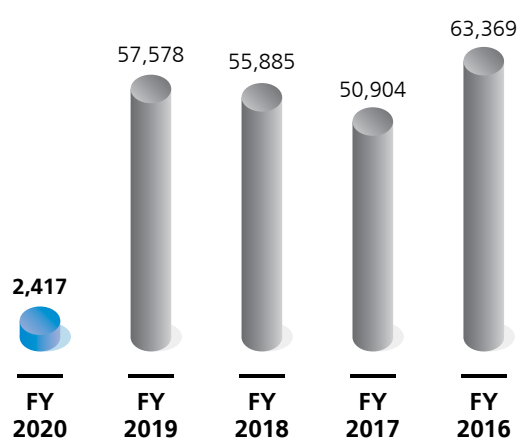
REVENUE (RM'000)



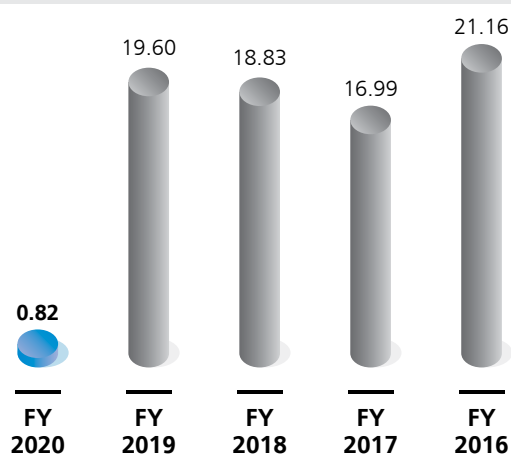
PROFIT BEFORE INTEREST & TAXATION (RM'000)



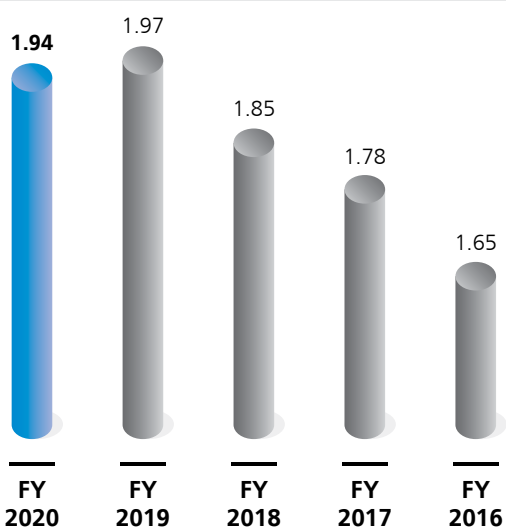
NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (RM'000)



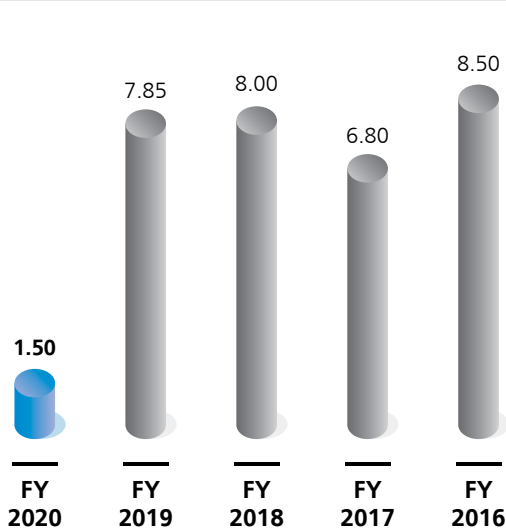
EARNINGS PER SHARE (SEN)

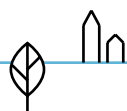


NET ASSETS PER SHARE (RM)



DIVIDEND PER SHARE (SEN)





Review of Financial Results and Financial Condition

Indicators To Measure The Group's Performance

Extracted from the Audited Statements of Profit or Loss for FY2020 and FY2019 are the following key indicators to measure the Group's financial performance for FY2020 as compared with the previous FY2019:

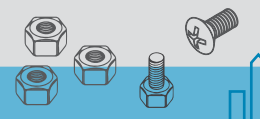
	FY2020 RM'000	FY2019 RM'000
Revenue	534,908	680,729
Other income	7,105	8,824
Administrative expenses	37,440	23,495
Selling & distribution expenses	8,233	11,444
Finance costs	2,414	3,024
Profit before taxation	7,300	68,823

The operating environment in FY2020 was tough and challenging for the Group. The Group revenue decreased by 21.42% to RM534.91 million, when compared with the revenue of RM680.73 million achieved in FY2019. The Group revenue was impacted by unfavourable global market conditions such as continuing trade tension between US and China, uncertainties posted by COVID-19 pandemic and global market recession arising thereon which resulted in both lower turnover achieved for the current financial year and also orders secured being deferred to the future.

The Fasteners division mainly consists of manufacturing of screw, bolt, nuts and other fastening products in addition to trading of steel bar and other similar products while Wire division comprises of manufacturing of precision galvanized wire, annealing wire, bright wire, hard drawn wire, PVC wire and grill mesh. The Fasteners division had contributed about 81.57% to the Group's revenue whilst the remaining revenue was from the Wire division.

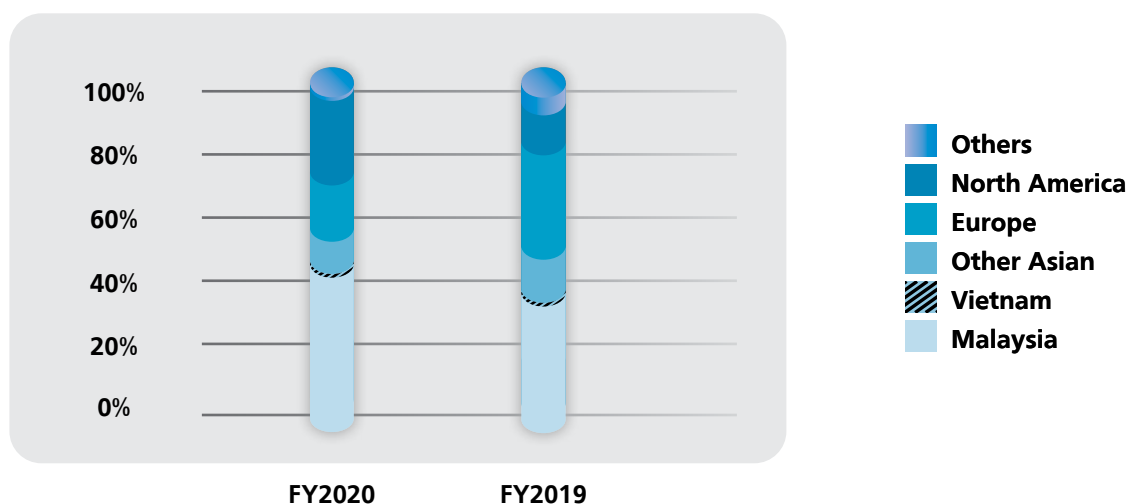
In the current financial year, our Group sold approximately 47.04% of the products in Malaysia and remaining 52.96% revenue was generated by the sale to overseas. North America had overtaken the European countries to become the largest market where the Group's products were exported to in FY2020. The Group took advantage of the trade war between US and China where substitution trade opportunities resulted in the total export to North America increased from 10.78% in FY2019 to 22.58% in year FY2020.

Geographical Segments	Revenue FY2020 (RM'000)	Revenue FY2019 (RM'000)	Change %
Malaysia	251,647	259,920	(3.18%)
Vietnam	3,331	5,976	(44.26%)
Other Asian Countries	55,984	91,933	(39.10%)
Europe	96,207	211,243	(54.46%)
North America	120,786	73,395	64.57%
Others	6,953	38,262	(81.83%)
Total	534,908	680,729	(21.42%)



Review of Financial Results and Financial Condition (cont'd)

Indicators To Measure The Group's Performance (cont'd)



The Group's gross profit was recorded at RM48.28 million in FY2020 as compared to RM97.96 million in FY2019. The decline in the gross profit is mainly attributable to the lower revenue generated, different product mix and lower selling price recorded in the current financial year. Profit margin derived from export of thread bar to the US market and trading of steel bar in local market is lower when compared to the profit margin from the sale of other manufactured fasteners products.

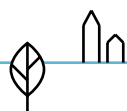
Other income of the Group decreased by 19.49% to RM7.10 million in FY2020 as compared to RM8.82 million in FY2019, arising from the lower foreign exchange gain recorded from the strengthening of Malaysian Ringgit against USD during the financial year.

The administrative expenses increased by RM13.95 million in the current financial year mainly due to the provision made for the allowance for expected credit losses on trade receivables amounting to RM18.60 million which was set off with the cost reduction in the subsidiaries. Appropriate actions are being taken by the management to recover the overdue debts from the customers involved and the management is confident that the recovery of debt issue with the customers could be resolved in the foreseeable future. The operation and cash flow of the Group is not affected by the said collection issue. The provision is made in compliance with the MFRS 9. The financial impact of the provision is partially cushioned by the cost control measures taken by the subsidiaries.

Selling and distribution expenses declined by 28.06% in the current financial year as lower turnover were recorded.

Despite lower operating cash being generated in the current financial year, the Group repaid net bank borrowings amounting to RM19.09 million. In addition, the decline in interest rates of bank borrowings led to finance costs reducing by 20.17% to RM2.41 million in the current financial year.

The Group ended the year with a profit before taxation of RM7.30 million in FY2020 compared with RM68.82 million the year before. The business profit before taxation of the Group excluding the allowance for expected credit losses on trade receivables is RM25.90 million.



Significant Changes In Financial Position and Liquidity As Compared With The Previous Financial Year

The Group's financial position remained strong in the year under review, extracted from the Audited Statements of Financial Position as at 30 June 2020 and 30 June 2019 are the following key items which reflect significant changes in financial position and liquidity:

	30.6.2020 RM'000	30.6.2019 RM'000
Trade receivables	103,229	134,002
Other receivables	23,141	15,076
Bank borrowings	70,344	89,164
Total equity	568,762	577,369
Gearing ratios	Nil	Nil

Trade receivables

Trade receivables decreased by 22.96% to RM103.23 million primarily due to the lower revenue recorded in the current financial year. In addition, allowance made for expected credit losses on trade receivables amounting to RM18.60 million has been made.

Other receivables

Other receivables increased is mainly due to deposits paid for purchase of raw materials. These deposits will be inventorised upon the delivery of the goods purchased.

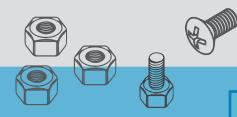
Bank borrowings

During FY2020, the Group's bank borrowings reduced by 21.11% to RM70.34 million as compared to last financial year. The bank borrowings are made up of solely trade related short term borrowings for working capital purpose. This is in line with the Group's prudent financial policy and we continue to maintain a net cash position of RM39.98 million in current financial year.

The equity attributable to the owners of the Company stands at RM568.76 million as at 30 June 2020 as compared to RM577.37 million as at 30 June 2019 after the declaration of dividends amounting to RM14.19 million and lower profit after taxation recorded in the current financial year. The Company has bought back its own shares from the market with a total value of RM5.14 million in the current financial year.

Capital Expenditure Requirements and Capital Structure

The Group incurred capital expenditures of RM18.81 million for the current financial year. RM4.80 million had been invested in the expansion of a thread bar production line in Malaysia to cater for the orders from the US market. Another RM5.00 million had been incurred in the construction of the waste water treatment plant in Vietnam. The remaining balance was incurred for replacement of the equipment wear and tear and for the construction of a new automated warehouse in Shah Alam.



Significant Changes In Financial Position and Liquidity As Compared With The Previous Financial Year (cont'd)

The capital structure as at 30 June 2020 in which the Group financed its overall operations comprised different sources of funds as follows:

	30.6.2020 RM'000	30.6.2019 RM'000
<u>Equity</u>		
Share capital	177,929	177,929
Treasury share	(15,301)	(10,164)
Reserves	406,134	409,603
<u>Debts</u>		
Net borrowings	Nil	Nil
<u>Total</u>	568,762	577,368

Review of Operating Activities of Principal Business Segments

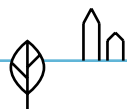
FY 2020	Fasteners Products RM'000	Wire Products RM'000	Investment Holdings RM'000	Group RM'000
Revenue	436,338	98,570	-	534,908
Profit before taxation	5,694	1,074	532	7,300

FY 2019	Fasteners Products RM'000	Wire Products RM'000	Investment Holdings RM'000	Group RM'000
Revenue	515,495	165,234	-	680,729
Profit before taxation	65,890	2,543	390	68,823

Fasteners Products

Fasteners Products division recorded a total revenue of RM436.34 million in the current financial year which represented a decrease of 15.36% as compared to the preceding financial year. The production plant in Malaysia was shut down for a month during the period of Movement Control Order ("MCO") implemented by the Malaysian government after the outbreak of COVID-19. Deliveries reduced significantly arising from the lockdown of the economy worldwide following the outbreak of COVID-19.

33.29% of the current year's total revenue of the division or RM145.24 million was contributed by the trading sales. It is RM15.23 million higher as compared to the last financial year. However, the profit margin of the trading sales as well as the export of thread bar is lower when compared to the sales of the other manufactured fasteners products. This coupled with the stiff price competition and allowance for expected credit losses on trade receivables resulted in the profit before taxation of the division decreasing by RM60.20 million to RM5.69 million in the current reporting period to date.



Review of Operating Activities of Principal Business Segments

Wire Products

The Wire division posted revenue of RM98.57 million in FY2020 and profit before taxation of RM1.07 million in the current financial year which represented a drop of 40.35% and 57.77% respectively as compared to the corresponding reporting period. Wire division was shut down during the period of MCO in mid of March 2020 and only resumed its production in early May 2020. This resulted in disrupted production and delivery to customers being postponed and adversely affected the performance of the division in the current financial year.

Business Risks

The Group faced several challenges during the current financial year. The Group's main raw materials are wire rod and zinc ingot. When the prices of these materials fluctuate, the Group's profit margin will be impacted in the short term. In order to mitigate the risk, the Group is constantly monitoring the price movement of the wire rod and zinc ingot and purchase them in bulk in order to secure more competitive pricing. It is also the practice of the Group to source its raw materials from various sources so that it will not rely on a single supplier. We always ensure sufficient inventories for production requirement by stocking up the materials when their price is low. Despite the fluctuation of the raw material price, there should not be significant impact on our bottom line in the long run as we apply cost-plus method in our pricing strategy.

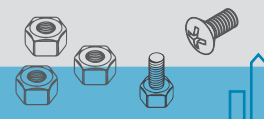
The persistent uncertainties from "Brexit" and political conditions in Europe in addition to the escalating trade tension between the US and China had depressed the global economy growth and trade sentiment. Market in Europe became more competitive as it is flooded with goods from China with cheaper pricing. In view of the unstable market situation and pandemic COVID-19, the wholesalers in Europe, being the Group major customers hesitate in replenishing their inventory and thus resulted in lower export to Europe. Although the Group managed to take the advantage from the substitution of trade where we export more to the US to compensate for the lower orders from Europe following the trade war between US and China, but the profit margin we derived from the US sales is lower as compared to the Europe as the products mix and product requirements demanded from the two region are different.

Many countries had been locked down and travel restriction had been imposed since the outbreak of COVID-19 in March 2020, this had dampened the global market conditions. A lot of economy activities and construction projects had been interrupted both locally as well as overseas which had dampened the demand of the fasteners. Our deliveries were significantly affected, either delayed or cancelled. As of the date of this report, the outlook of the pandemic is not clear. In mitigating the adverse impact, we focus on improving our production efficiency with the target to widen our product range by developing of more high value added products, upgrade the skill of our workers and implemented cost saving measures to remain competitive in the industry and prepare ourselves for the challenges ahead.

Another prevailing operating challenge in the existing unstable economy conditions is the risk of non-collection from customers. As a precaution measures, the Group will review and tighten up the credit control policy of the respective subsidiaries to minimize the credit risk. Management will be balancing the credit risk while expanding its distribution channel for sustainable growth of the Group.

Forward-looking Statement

The global economy is projected to register a negative growth in 2020. Such depressed outlook is largely anticipated to persist unless the world successfully contains the COVID-19 pandemic over the remainder of the year. Amidst the challenging and tough operating environment, the Group has outlined the following strategies based on the potential growth areas and core competencies.



Forward-looking Statement (cont'd)

The DIY fasteners segment remains the main focus of the Group where the Group has target more orders to be secured from the North American market given that China is losing their competitiveness with the protectionism trade tariff imposed by the US government. The Group also expects the demand from US for bulk fasteners would continue to increase in FY2021. As for the expansion of the thread rod production line in the existing manufacturing plant in Malaysia had been completed during the financial year, the additional capacity is expected to bring in additional revenue to the Group in future. In addition, the Group will explore further to penetrate into developing emerging market with its fasteners products.

Although the orders from Europe market had declined significantly in the current financial year, the Group expects the demand will rebound once the "Brexit" issues are resolved and economy conditions in Europe stabilised.

The Group plans to set up a new business segment by providing a one stop warehousing service in the foreseeable future. The construction of the automated warehouse in Shah Alam land had also been completed pending approval from the relevant authorities for commencement of warehouse activities which was then interrupted during the MCO. Nevertheless, the warehousing service is not expected to have significant impact to the financial performance of the Group in the next financial year.

The Group would continue to explore other new business ventures which will potentially benefit the growth of the Group. Given that the rising risks from the uncertainties of the economic conditions, the Group will be cautiously prudent in its business and strategies approach. Barring unforeseen circumstances, the prospects for the forthcoming year would be cautionary conservative.

Dividend

The Group had established a dividend policy of distributing at least 40% of the Group's net profit to shareholders of the Company since the financial year ended 30 June 2014.

In FY2020, CWHB declared a total dividend of 1.50 sen per share, which exceeded 40% of the Group's net profit.

Appreciation

On behalf of the Board of Directors and management, we would like take this opportunity to express our sincere appreciation to our customers, business associates and shareholders for the continuous support given to the Group and we will continue to strive towards enhancing value for all our shareholders. We hope for your continuous support going forward into the future.



LIM CHIEN CH'ENG

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Aged 67

Male

Malaysian

He was appointed to the Board of CWHB on 2 March 1999 and currently he is the Non-Independent Non-Executive Chairman of the Company. He is also the Chairman of the Remuneration Committee and a member of the Nominating Committee. He graduated from Universiti Sains Malaysia in 1976 with a Bachelor of Social Science (Hons.) Degree majoring in Politics. Subsequently, he pursued a law degree and graduated from Kings College, University of London in 1979 with a Bachelor of Law (LLB. Hons.). He was called to the English Bar in 1980 and the Malaysian Bar in 1981. He is a member of Lincoln's Inn. He has been practicing as an Advocate & Solicitor in Malaysia since 1981 and is a Partner in a legal firm with offices in Penang, Seberang Jaya and Kuala Lumpur.

He does not have any directorship in public companies and other listed issuers.



ANG SENG OO

INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged 65

Male

Malaysian

He was appointed to the Board of CWHB on 5 December 2017. He is the Chairman of Nominating Committee, Chairman of Audit Committee and a member of Remuneration Committee. He started his career at Tansley Witt & Co, London where he qualified as a Chartered Accountant (Institute of Chartered Accountants In England and Wales) in 1977. He later joined KPMG in the London and Kuala Lumpur offices. He is also a member of the Malaysian Institute of Accountants. He has many years of broad financial experience having held various senior financial positions in public listed companies whose activities span investment holdings, construction, property and infrastructure development, both in Malaysia and Australia.

He does not have any directorship in public companies and other listed issuers.



SHARMIN FAZLINA BINTI MOHD SHUKOR

INDEPENDENT NON-EXECUTIVE DIRECTOR

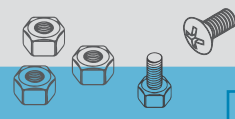
Aged 41

Female

Malaysian

She was appointed to the Board of CWHB on 1 October 2014. She is also a member of Nominating Committee and Audit Committee. She holds a Bachelor of Laws (Honours) degree from Brunel University, United Kingdom and the Certificate of Legal Practice from the Legal Qualifying Board of Malaysia. She was admitted to the High Court of Malaya in 2004. She began her career with Skrine and later joined Zaid Ibrahim & Co. She was named by the Islamic Finance News Awards 2012 as one of the leading lawyers in the corporate and commercial area of legal practice in 2012. Currently, she is a partner of a legal practice in Kuala Lumpur. She also advises on general matters relating to corporate and commercial law and has been actively involved in various legal due diligence exercises.

She does not have any directorship in public companies and other listed issuers.



LOW YEAW SENG INDEPENDENT NON-EXECUTIVE DIRECTOR



Aged 62

Male

Malaysian

He was appointed to the Board of CWHB on 5 October 2018. He is also a member of Remuneration Committee and Audit Committee. He graduated from Universiti Malaya with a Bachelor of Accounting (hons) degree in 1983. After graduation, he joined Accountant General Department, Ministry of Finance as a Treasury Accountant. He served in various Ministry until 1995 and joined Ooi & Associates, Chartered Accountant firm that provides assurance, taxation, corporate secretarial, accounting and consultancy services. Besides leading in assurance and taxation practice, he is also an approved Trade Mark Agent. He is a member of Malaysian Institute of Accountants and a fellow member of CPA Australia.

He does not have any directorship in public companies and other listed issuers.



TSAI YUNG CHUAN MANAGING DIRECTOR



Aged 63

Male

Taiwanese

He was appointed to the Board of CWHB on 2 March 1999. He is one of the founders of CWHB Group. He graduated with a Certificate in Electrical Engineering from Lienho Junior College of Technology in Taiwan in 1975. He started his career as a General Manager by joining his family business, Jinn Her Enterprise Co. Ltd., a factory manufacturing fasteners in 1980. He then initiated the business expansion into Malaysia when he visited this country in 1988.

He does not have any directorship in public companies and other listed issuers.



TSAI CHANG HSIU-HSIANG EXECUTIVE DIRECTOR



Aged 63

Female

Taiwanese

She was appointed to the Board of CWHB on 2 March 1999. After her graduation, she joined the family business, Jinn Her Enterprise Co. Ltd. in 1980, of which she was in-charge of the financial affairs of the company. She came to Malaysia in 1989 and helped to form Chin Well Fasteners Co. Sdn. Bhd. She is currently in charge of the financial affairs of CWHB Group.

She does not have any directorship in public companies and other listed issuers.



TSAI CHIA LING
GENERAL MANAGER
CHIN WELL FASTENERS CO. SDN. BHD.

Aged 41

Female

Taiwanese

She graduated from National Cheng Kung University in 2001 with a Bachelor of Business Administration Degree. She started her career as a Management Trainee with Gem-Year Industrial Co. Ltd. (China) before she joined Chin Well Fasteners Co. Sdn. Bhd. ("CWF") as a Marketing Executive in 2003. She was appointed as the General Manager of CWF on 1 July 2013 and she is currently overseeing the entire operation of CWF.

She is a Non-Independent Non-Executive Director of Tambun Indah Land Berhad, a public company listed on Bursa Securities. Saved as disclosed, she does not have any directorship in public companies and other listed issuers.



TSAI CHENG HSUN
GENERAL MANAGER
CHIN WELL FASTENERS (VIETNAM) CO., LTD.

Aged 39

Male

Taiwanese

He graduated from National Taiwan University with Bachelor of Business Administration in 2003 and received his Master degree of Business (Public Relations) from the Queensland University of Technology in 2013. He has more than 13 years experience in fasteners related field. He joined Chin Well Fasteners (Vietnam) Co., Ltd. ("CWFV") since its inception and has played a pivotal role in various aspect of the management. He was appointed as the General Manager of CWFV on 13 June 2013 and he is currently overseeing the entire operation of CWFV.

He does not have any directorship in public companies and listed issuers.



TSAI CHIA WEN
MARKETING MANAGER
CHIN WELL FASTENERS (VIETNAM) CO., LTD.

Aged 30

Female

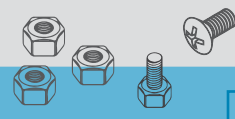
Taiwanese

She obtained her Bachelor degree of Business Administration from Arizona State University in 2011. She started her career in CWFV as a purchaser after her graduation. Subsequently, she was transferred to the marketing department and promoted to head the department in 2013.

She does not have any directorship in public companies and listed issuers.



KEY MANAGEMENT PROFILE (CONT'D)



CHIU CHIH TSUNG

SENIOR MANAGER

CHIN WELL FASTENERS (VIETNAM) CO., LTD.



Aged 53

Male

Taiwanese

He graduated with a Bachelor degree of Mechanical Engineering from Lan Yang Institute of Technology, Taiwan in year 1987. He has been involved in fasteners related business for more than 28 years and has extensive experience in quality control and production management. Prior to joining CWFV, he was attached with several well known fasteners manufacturers in Taiwan. He holds the position of Senior Manager in CWFV since 1 August 2014 where he is primarily responsible for the production management of the Vietnam operation.

He does not have any directorship in public companies and listed issuers.



CHU KIM TEIK

GENERAL MANAGER

CHIN HERR INDUSTRIES (M) SDN. BHD.



Aged 54

Male

Malaysian

He completed his STPM qualification in Chung Ling High School, Penang in 1986. He has more than 30 years experience mainly focused in sales and marketing. He joined the Group 28 years ago, as an International Sales Representative in the Fasteners division in 1992. Two years later, he was transferred to the Wire division and involved in the sales and marketing activities. He holds the position of General Manager in the Wire division since 1 June 2008 and his key responsibilities are leading the management planning and overseeing the operations of the Wire division.

He does not have any directorship in public companies and listed issuers.

Notes:

N1) Tsai Yung Chuan is the major shareholder of CWHB.

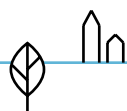
N2) Family relationships amongst the Directors, Key Management and/or major shareholder of CWHB:-

a) Tsai Chang Hsiu-Hsiang is the spouse of Tsai Yung Chuan;

b) Tsai Cheng Hsun is the son of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang; Tsai Chia Ling and Tsai Chia Wen are the daughters of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang.

N3) None of the Directors and Key Management has any conflict of interest with the Group.

N4) None of the Directors and Key Management has been convicted for offences within the past 5 years nor any public sanctions or penalty imposed by the regulatory bodies during the financial year other than traffic offences, if any.



This Corporate Governance Overview Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Code of Corporate Governance ("MCCG") issued by the Securities Commission Malaysia.

This statement gives the shareholders an overview of the corporate governance ("CG") practices of the Company during the financial year ended 30 June 2020 ("FY2020") and it is to be read together with the Corporate Governance Report which is available at the Company's website (www.chinwell.com.my)

In FY2020, the Company had adopted 29 out of the total 32 recommended practices in MCCG. The recommended practices not adopted are as follows:

- (i) Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.
- (ii) Practice 7.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.
- (iii) Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate including voting in absentia and remote shareholders' participation at General Meetings.

The reason for departure are disclosed in the Corporate Governance Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

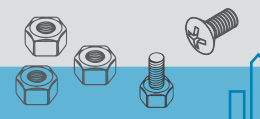
Board Responsibilities

The Board takes full responsibilities for the overall performance of the Group and had delegated certain areas of responsibilities to the Board Committees with predefined terms of reference and the executive directors for the Group's day to day operations.

The Chairman of the Company is a non-independent non-executive member of the Board and is responsible for leading the Board to ensure its effectiveness, ensuring effective communications with shareholders and relevant stakeholders and for orderly conducts of meetings.

The Managing Director formulates and develops the Group's strategies and policies. He is also responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. The Managing Director is supported by the executive directors and management who are responsible for implementing of policies and decisions of the Board and are accountable for the conduct and performance of the businesses.

The Board is supported by 2 qualified company secretaries and has unrestricted access to the services of the Company Secretaries on matters relating to the companies law, rules and regulations of the regulatory authorities as well as best practices on governance.



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board meetings

The Board ordinarily meets at least five (5) times a year at quarterly intervals with additional meetings convened as and when urgent and important decisions need to be made between the scheduled meetings. In recognizing the importance of time commitment from all the Directors, each Director shall attend at least 60% of the total meetings held during the financial year. The Board receives documents on matters requiring its consideration at least 7 days in advance of each meeting. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions are made. The proceedings of the Board meetings are minuted by the Company Secretary and signed by the Chairman of the meeting.

The Board met five (5) times during the financial year ended 30 June 2020. The details of each Director's attendances at Board meetings are as follows:

Name of Directors	Number of Board Meetings Attended
Tsai Yung Chuan	5/5 meetings
Tsai Chang Hsiu-Hsiang	5/5 meetings
Lim Chien Ch'eng	5/5 meetings
Sharmin Fazlina Binti Mohd Shukor	4/5 meetings
Ang Seng Oo	5/5 meetings
Low Yew Seng	5/5 meetings

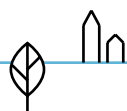
In facilitating the Directors' schedule for the year, an annual corporate calendar is discussed and circulated to the Directors before the beginning of a new financial year. The corporate calendar provides the scheduled meeting dates of the Board, Board Committees, as well as the AGM and other events of the Company.

The Board was satisfied with the level of time commitment given by the Directors having multiple board representations as they had fulfilled their roles and responsibilities as Directors of the Company during the FY2020.

Directors Trainings

All Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Securities. However, all the Directors are to evaluate their own training needs on a continuous basis and to attend workshops, seminars and other training programmes that would enable them to enhance their knowledge and contribution to the Board.

During FY2020, the Nominating Committee and the Board had reviewed and assessed the trainings attended by the Directors and had allocated a training budget for each Director to encourage them to attend more structured trainings to keep them abreast with the regulatory and industry development.



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Directors Trainings (cont'd)

Training programmes and workshop attended by the Directors during the financial year are as follows:

Director	Trainings
Lim Chien Ch'eng	A Relook at Directors Duties & Responsibilities under Companies Act 2016
	Raising Defences : Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (MACC Act)
Tsai Yung Chuan	Section 17A – MACC Act
Tsai Chang-Hsiu Hsiang	Section 17A – MACC Act
	FOREX Management in Vietnam
Ang Seng Oo	Raising Defences : Section 17A – MACC Act

Save as disclosed above, the other Directors did not participate in any structured trainings during the financial year as they opined that their business meetings and interaction with various business parties and other directorships sufficiently served them in discharging their duties on the Board.

Board Composition

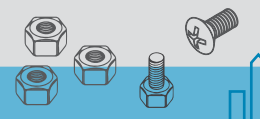
The Board, currently consists of six (6) members; comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director. The Board complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Directors, with their different background and expertise, collectively bring with them a wide range of experiences such as finance, legal, corporate affairs, marketing and operations. A brief profile of each Director is presented on pages 19 to 20 of this Annual Report.

The Board through its Nominating Committee conducts annual assessments of the effectiveness of the Board, the Board Committees, individual directors and senior management of the Company.

The present members of the Nominating Committee are as follows:-

Name	Designation	Directorate
Ang Seng Oo	Chairman	Independent Non-Executive
Sharmin Fazlina Binti Mohd Shukor	Member	Independent Non-Executive
Lim Chien Ch'eng	Member	Non-Independent Non-Executive



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

The Nominating Committee met once during the financial year ended 30 June 2020 with full members present. The activities of the Nominating Committee were summarised as follows:-

- a) Reviewed and assessed the composition of the Board and Board Committees
- b) Reviewed and assessed the contributions of individual Directors and Independent Directors
- c) Reviewed and assessed the Directors due for retirement by rotation
- d) Reviewed and assessed the performance of the Audit Committee and each of its member
- e) Reviewed and assessed the Director's training needs
- f) Reviewed and assessed the Boardroom gender diversity

The Nominating Committee applies a set of criteria by way of questionnaires to evaluate the performance of individual Directors, the Board as a whole, each Board Committee and review their performance annually. The criteria used, amongst others, for the annual assessment of individual Director includes an assessment on their knowledge, roles, duties, responsibilities, integrity, contribution to interaction during the meeting and independent challenge to Board's deliberation and decision, whereas for the Board and Board Committees, the criteria used include composition, structure, expertise and responsibility in company's strategy, human capital, management reporting and financial literacy. The mentioned criteria were set with the objective to examine the contribution and performance of the Directors, the effectiveness of the Board and the Board Committees and these criteria are subject to review whenever required.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the current size and composition of Board, Board Committees, its directors and senior management are adequately appropriate for its purpose with relevant mix of skills, experience, independency and other necessary qualities to serve effectively.

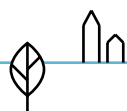
The Nominating Committee is also responsible for assessing the candidate for appointment to the Board and Board Committees through a formal and transparent selection process. New candidate will be considered and evaluated by the Nominating Committee after taking into consideration the mix of skills, time commitment, competencies, experiences and other qualities which are relevant to the business of the Group.

The Nominating Committee will also consider other factors such as the level of independence of the candidate for the appointment of Independent Director. The Nominating Committee will then submit its recommendation to the Board for decision. The Company Secretary will ensure that all appointments are properly made, all necessary information is obtained, as well as all legal and regulatory obligations are met.

The Nominating Committee and the Board does not set any policy on gender diversity in the composition of the Board as equal opportunity is given to candidates with merits. As at 30 June 2020, 2 out of 6 Directors of the Company are women Directors equivalent to 33.33% and this complies with the requirement where the Board must have at least 30% women directors. As at 30 June 2020, the Board's ethnicity composition comprised 17% Malay and 83% Chinese.

The Nominating Committee is also responsible to recommend the re-election of Directors due for retirement at the forthcoming annual general meeting ("AGM").

In accordance with the Company's Constitution, any additional Director appointed shall hold office only until the next following AGM and shall then be eligible for re-election. The Constitution also provides that at least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and all the directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Composition (cont'd)

The assessment of Independent Directors is carried out upon their appointment. From the date the Independent Directors were appointed, they had provided an undertaking to Bursa Securities pursuant to Paragraph 1.01 of the MMLR of Bursa Securities confirming their independency. In addition, the Independent Directors are required to carry out a self-assessment on annual basis that they are free of any significant business or other relationships which could interfere with the exercise of independent judgment and able to act in the best interests of the Company and ensure shareholders' interests are given priority in the event of a conflict of interest.

The Nominating Committee, upon its recent annual assessment carried out, is satisfied that the Independent Directors have been able to discharge their responsibilities in an independent manner where they actively participated at Board meetings and provided constructive feedback that benefited the stakeholders of the Company.

Tenure of Independent Directors

Practice 4.2 of the MCCG stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term of nine (9) years, shareholders' approval will be sought.

The Company had embraced Practice 4.2 as the Chairman of the Company, Mr Lim Chien Ch'eng, who had served the Company for more than twelve (12) years as an Independent Director was re-designated to a Non-Independent member of the Board.

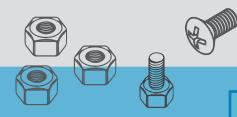
The Company does not have a policy which limits the tenure of its independent directors to nine (9) years. The Board is of the view that there are advantages to be gained from the long-serving Directors who possess tremendous insights and knowledge of the Group's businesses and affairs. In addition, the ability of a Director to serve effectively is very much dependent on the person's caliber and personal integrity and objectivity, and has no real connection to his tenure as an Independent Director.

Remuneration

The present members of the Remuneration Committee are as follows:-

Name	Designation	Directorate
Lim Chien Ch'eng	Chairman	Non-Independent Non-Executive
Ang Seng Oo	Member	Independent Non-Executive
Low Yeaw Seng	Member	Independent Non-Executive

The Remuneration Committee is responsible to recommend to the Board the remuneration package, rewards and other benefits of Executive Directors. The Director Remuneration Policy is available in the Company's website. The remuneration of Non-Executive Directors is a matter of the Board as a whole and the respective Director is required to abstain from deliberation and voting on decisions in respect of his individual remuneration. All Directors' fees and benefits must be approved by the shareholders at the AGM.



PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Remuneration (cont'd)

The Remuneration Committee meets whenever necessary. During the financial year, the Remuneration Committee had held one meeting with full attendance. The Remuneration Committee believes that fair remuneration is important to attract, retain and motivate the directors. In making recommendations to the Board, appropriate survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages of the directors. This is to ensure that the Director's remuneration package is competitive with the prevailing market rate of the same industry.

Remuneration of Directors and Senior Management

The remuneration of the individual Directors for FY2020 is presented in the table below:

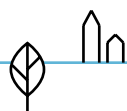
Directors	Company level			Group Level				
	Meeting Fee	Allowance	Total	Salary	Bonus	EPF	BIK	Total
Non-Executives	RM	RM	RM	RM	RM	RM	RM	RM
Lim Chien Cheng	45,000	1,000	46,000	-	-	-	-	46,000
Sharmin Fazlina Binti Mohd Shukor	45,000	800	45,800	-	-	-	-	45,800
Ang Seng Oo	45,000	1,000	46,000	-	-	-	-	46,000
Low Yeaw Seng	45,000	400	45,400	-	-	-	-	45,400
Total	180,000	3,200	183,200	-	-	-	-	183,200
Executive Directors								
Tsai Yung Chuan	45,000	1,000	46,000	1,644,298	327,239	118,383	15,500	2,151,420
Tsai Chang Hsiu-Hsiang	45,000	1,000	46,000	1,062,087	179,788	35,307	-	1,323,182
Total	90,000	2,000	92,000	2,706,385	507,027	153,690	15,500	3,474,602

Details of Top Five Senior Management Remuneration

The Board had disclosed the remuneration of its senior management in bands of RM50,000 but not on named basis in view of the competitive nature of the human resource market and to support the Company's efforts in attracting and retaining executive talents, it should maintain confidentiality on employee remuneration matters.

The top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for FY2020 within the successive bands of RM50,000 are as follows:

Remuneration Band	Number of top five(5) senior management
RM950,001 to RM1,000,000	1
RM650,001 to RM700,000	1
RM400,001 to RM 450,000	1
RM250,001 to RM 300,000	1
RM200,001 to RM 250,000	1



PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

Members of the Audit Committee and their meeting attendance during the financial year ended 30 June 2020 are as follows:-

Name	Designation	Directorate	Number of Meetings Attended
Ang Seng Oo	Chairman	Independent Non-Executive	5/5
Sharmin Fazlina Binti Mohd Shukor	Member	Independent Non-Executive	4/5
Low Yeaw Seng	Member	Independent Non-Executive	5/5

The term of reference of the Audit Committee is available on the Company's website (www.chinwell.com.my).

The summary of the works carried out by the Audit Committee is detailed in the Audit Committee Report.

Risk Management and Internal Control Framework

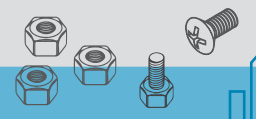
Since the listing of the Company, the Board continuously placed emphasis on the need for maintaining a sound system of internal control within the Group with the objective to manage and mitigate risk at an acceptable level and to safeguard the assets of the Group as well as the investors' interest.

The Company outsourced its internal audit function of its local subsidiaries to a professional consulting firm whilst the internal audit function of its foreign subsidiary is performed in-house. The Internal Auditors assists the Audit Committee in discharging its duties and responsibilities. The Internal Auditors is to provide independent review on the state of risk management and internal control of the Group report directly to Audit Committee. The Audit Committee reviews, deliberates and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organization.

The Audit Committee meets with the Internal Auditors twice a year to ensure controls are effectively applied. Through the Audit Committee, the Board has established a transparent relationship with the Internal Auditors.

The Group has an on-going process for identifying, evaluating and managing the principal risks. The Management with the assistance of the outsourced Internal Auditors had established a risk management framework to assess, review and monitor the risk at an acceptable level to the Group. The Internal Auditors will review the risk register prepared by the management and highlight the high risk area, adequacy of compliance and control measures to the Audit Committee. Audit Committee will take into consideration the report from Internal Auditor before they fix the audit plan.

The Statement on Risk Management and Internal Control furnished in pages 42 to 44 of this Annual Report provide an overview of the state of internal controls within the Group.



PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Integrity in Corporate Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders as well as the Management Discussion and Analysis Report in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

The Audit Committee, has the authority under its terms of reference to investigate any matters relating to the Group's accounting, auditing and internal controls and has full access to and co-operation of the management and/or invite any management or officers to attend its meeting and reasonable resources to discharge its function properly.

The Audit Committee meets on a quarterly basis to review the Group's financial statements prior to recommending them for the Board's approval and announcement. A separate analysis report of the financial performance of the major subsidiaries and the significant variances on the expenditures will be reviewed during the quarterly meeting. The Audit Committee will request the management to explain further if clarification is needed. The Audit Committee will also ensure the appropriate approved accounting standards ("MFRS") are applied consistently and prudent judgments are made in preparing the financial statements.

Relationship with the External Auditors

The Board through the Audit Committee maintains a professional and transparent relationship with the External Auditors in conduct of the audit and towards ensuring compliance with the requirements of the approved accounting standards.

In performing its function, the Audit Committee met with the External Auditors, reviewed the external audit plan prior to the commencement of the audit and co-operation/assistance given by the Management to the External Auditors so as to ensure sufficient coverage in terms of the scope of the audit. After the completion of the audit, all significant audit findings and recommendations are presented to the Audit Committee for discussion.

During FY2020, there was no non-audit services provided by the External Auditors. The Audit Committee met with the External Auditors twice without the presence of the Executive Directors and Management of the Company.

The existing External Auditors, Grant Thornton Chartered Accountants ("GT") was reappointed by shareholders at the last AGM. In accordance with the policy of the Group's External Auditors that the lead audit engagement and concurring partners of the Group be subject to a five-year rotation and cooling-off period. This is to ensure the objectivity, independence and the integrity of the audit opinion.

For the financial year ended 30 June 2020, GT had confirmed in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors, GT had been the Group's external auditors since 30 September 2008.

The Audit Committee also formally assessed the suitability and independency of the External Auditors via a set of questionnaire. Based on the assessment performed, the Audit Committee was in the opinion that GT is able to meet the audit requirements and statutory obligations of the Company, has independent status and has sufficient resources to carry the audits of the Company and of the Group. Thus, the Audit Committee recommended the re-appointment of GT to the Board for approval by the shareholders at the forthcoming 24th AGM.



PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

Corporate Disclosures

The Board is mindful of the compliance with the MMLR of Bursa Securities in relation to disclosures of information and acknowledges the importance of timely dissemination of information to shareholders, stakeholders and investment community. The Board had adopted a Corporate Disclosure Policy in disseminating of information to the relevant parties. Such information is communicated through:

- Announcements and disclosures to Bursa Securities
- Annual Report of the Company
- Circulars to Shareholders
- Company's separate briefings for the fund managers, institutional investors and investment analysts when it is required.
- Company's website at <http://www.chinwell.com.my>

Conduct of general meetings

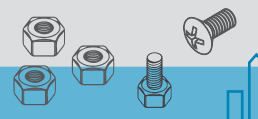
The Company's AGM serves as a principal forum for dialogues and interactions with shareholders and investors. The Extraordinary General Meeting is held as and when required.

At the commencement of the meeting, the Chairman will share with the shareholders amongst others, the poll voting process on the resolutions being proposed. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the agenda of the meeting. The Directors, senior management and the Group's External Auditors are in attendance to respond to shareholders' enquiries.

The Company's Annual Report, together with notice of AGM, is sent to shareholders at least twenty eight (28) days before the date of each AGM. Each item of special business included in the notice of AGM will be accompanied by explanatory statement to facilitate a full understanding and evaluation of issues involved. The adequate information and timely notice allow shareholders to make necessary arrangements to attend and participate in the AGM either in person, by corporate representative, by proxy or by attorney.

In compliance with the recent amendment of the MMLR, all the resolutions set out in the notice of the forthcoming AGM shall be voted upon by poll.

This statement is issued in accordance with a resolution of the Directors dated 2 October 2020.



Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving Directors' and major shareholders' interest other than those disclosed in the financial statements.

Utilisation of Proceeds

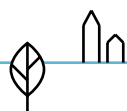
For the financial year ended 30 June 2020, there were no proceeds raised by the Company from any corporate proposal.

Recurrent Related Party Transactions of Revenue or Trading Nature ("RRPT")

The RRPT entered by the Group during the financial year are enclosed in Note 31 of the financial statements in pages 106 to 107 of this Annual Report.

Audit and Non-audit Fee

For the financial year ended 30 June 2020, the fees payable for external audit services by the Company and by the Group was RM22,000 and RM82,000 respectively. There is no fee paid for non-audit services by the Company during the current financial year.

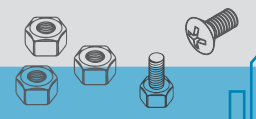


The Board is required by the Companies Act 2016 to prepare financial statements for each financial year for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the results and cashflows for the period then ended. In preparing the financial statements, the Directors had:

- Applied appropriate approved accounting standards consistently;
- Made judgments and estimates that are reasonable and prudent;
- Prepared financial statements on a going concern basis.

The Directors had ensured the Company maintains proper accounting records which disclose with reasonable accuracy the financial position of the Group to enable them to ensure that the financial statements comply with the Companies Act, 2016. The Directors also had taken steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is issued in accordance with a resolution of the Directors dated 2 October 2020.



The Board of Directors ("Board") of Chin Well Holdings Berhad is proud to present the Sustainability Report for the financial year ended 30 June 2020. This Report is prepared in the manner prescribed by Bursa Malaysia Securities Berhad ("Bursa") in its Main Market Listing Requirements ("Listing Requirements") and taking into consideration the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa.

Our sustainability reporting period covers from 1 July 2019 to 30 June 2020 and the scope of this report includes of our major subsidiaries in Malaysia i.e. Chin Well Fasteners Co. Sdn. Bhd. ("CWF") and Chin Herr Industries (M) Sdn. Bhd. ("CHI"), excluding our subsidiary in Vietnam.

Sustainability Governance Structure

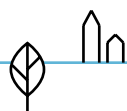
The Board holds the responsibility of ensuring that sustainability is integrated into the process of strategic planning of the Group. The Board is supported by our Sustainability Management Committee ("SMC") which consists of the management members and which, oversees the formulation and implementation of the Group's sustainability strategies.

The various sustainability initiatives undertaken by the reporting subsidiaries are summarized below:

Stakeholders Identified

According to the Sustainability Reporting Guide, a stakeholder is essentially an individual or a group that has an effect on, or is affected by the organization and its activities. The table below shows the list of stakeholders with whom we engage with during the financial year and who we believe are impacted the most by our business activities.

Stakeholder group	Engagement method	Frequency of engagement	Sustainability material matter
Customer	Face to face interaction	As needed	<ul style="list-style-type: none"> Customer satisfaction Customer complaint
	Customer feedback/survey	As needed	
	Product exhibition	Adhoc	
	Product quality audit by customer	As needed	
Supplier	Face to face interaction	Regular	<ul style="list-style-type: none"> Quality of goods /service supplied Timely delivery Competitive pricing Consistent supply Anti-bribery and corruption
	Supplier visit	Adhoc	
	Supplier appraisal	As needed	
Government & Authorities	Regulatory requirement	On-going	<ul style="list-style-type: none"> Compliance
	On-going interaction	As needed	
	Meeting	As needed	
	Reports	Periodically	
Employee	Management meeting	Regularly	<ul style="list-style-type: none"> Career development and training opportunity Workplace health and safety Work-life balance
	Performance appraisals	Annually	
	Training programme	As needed	
	Recreation activities	Regularly	



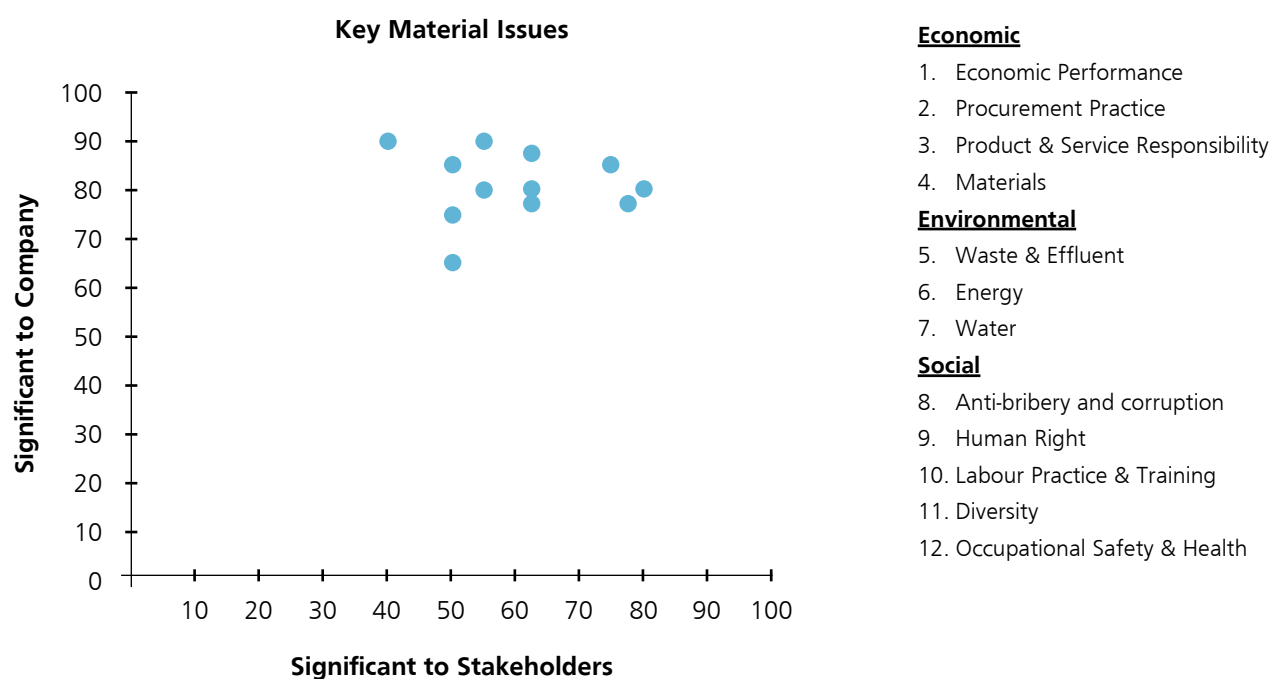
Stakeholders Identified (cont'd)

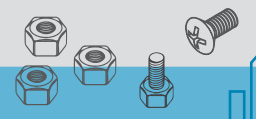
Stakeholder group	Engagement method	Frequency of engagement	Sustainability material matter
Local Communities	Donation and financial aid	Regularly	<ul style="list-style-type: none"> Community development Social and environmental issue
Investor	Quarterly Financial Result Announcement	Quarterly	<ul style="list-style-type: none"> Financial performance Corporate governance Regulatory compliance
	Media and investor briefing	Regularly	
	Company's website	On-going	
	Annual General Meeting	Annually	

Material Sustainability Matters

The outcome of our materiality assessment in term of the significance of the economy, environmental and social (EES) impacts to the reporting subsidiaries or their influence on the stakeholder's assessment and decision are illustrated below.

12 material issues had been identified as shown in the matrix below. The X-axis represents EES issues relevant to the stakeholders and the Y-axis denotes the issues material to our reporting subsidiaries. The issues on the top right are considered as the most important to the reporting subsidiaries and stakeholders. Each of these initiatives had been grouped under the relevant sustainability prongs that manage our economy, environmental and social impact.





Material Sustainability Matters (cont'd)

Having identified the materiality factors and our key stakeholders, we have mapped out our sustainability priorities and their boundaries and its current year performance as compared to the previous financial year. We commit to increase our value creation for all our stakeholders and to have a positive impact on the environment at large, while managing the Group's risk, leveraging on opportunities and ensuring its long-term financial soundness.

WHAT IS MATERIAL TO US:

ECONOMIC

Economic Performance

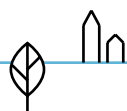
FY2020 was a tough and challenging year to the Group. The pro-long trade tension between US and China and the outbreak of COVID-19 worldwide had resulted in global market volatility and dampened consumer demand. The Group created direct economic value of RM534.91 million in the current financial year as compared to RM680.73 million in FY2019. The Group remains profitable recording a profit before taxation of RM7.30 million despite the depressed economy condition.

In terms of our economic value to our shareholders, we continue to pay dividend whereby at least 40% of our profit after taxation is distributed to our shareholders. In FY2020, a total of RM14.19 million had been paid out as dividends whilst RM25.26 million had been paid out as dividends in the last financial year. In addition, the Group has spent approximately RM18.81 million for capital expenditure in the financial year as compared to RM26.37 million in the immediate preceding year. These capital investments is to enable the Group continue its sustainability through expanding its existing production capacity, increase its productivity efficiency as well as build up better waste and effluent treatment facilities.

Product Responsibility and Customer Satisfaction

In line with our Group's vision, it is always our aim to deliver quality products that meet our customer's demand. We place consumer satisfaction, health and safety as one of the top priorities of our company's visions. We understand that non-compliance with the health and safety issue not only will tarnish our Group's reputation but also will impact our customers and community. Therefore, we are always committed toward attaining high standard quality of our products and do not manufacture banned products. We have in place ISO 9001 certification, environmental management system, testing and calibration laboratories and system to ensure we continuously add value to our customer by providing them quality products. In overseas market, we are in compliance with prevailing laws and regulations governing the respective products in the various countries in which they are sold. During FY2020, to the best of our knowledge, there has been no major incident of non-compliance with the regulations in the foreign countries where our products were sold.

Besides the high quality of products, we are also committed to deliver on time and provide good after sales service. Although our customers reach span the world, we have managed to maintain good relationship with them across a multitude of platforms such as through direct inquiry, dedicated servicing of specific customers, company's website and trade exhibitions which we had participated in. Although we are restricted to visit our customers following the spread of COVID-19 and travel bans imposed by many countries in FY2020, but we still maintain close relationship with our customers via phone calls, digital mode such as Whatapps, Wechat and emails to ensure their expectation is met and problems are attended to. In order to continually improve our service, we conduct customer survey regularly with our major customers and customers' satisfaction is monitored and tracked closely.



WHAT IS MATERIAL TO US: (CONT'D)

ECONOMIC (CONT'D)

Product Responsibility and Customer Satisfaction (cont'd)

We measure our customers' level of satisfaction with us through an annual customer satisfaction index in areas of quality, service, delivery and cost. Based on our survey result in FY2020, CWF achieved an average of 4.03 (as compared to 3.67 in FY2019) points out of 5.00 point on the customer satisfaction score. While CHI achieved an average of 4.07 (as compared to 4.10 in FY2019) point out of 5.00 point on the customer satisfaction scores. With the result of the survey we understand our strength and weakness better and give us an insight which areas to focus, to improve ourselves and serve the customers better in future.

Materials & Procurement Practice

We understand that effective engagement and cooperation with our suppliers are integral part of our procurement process which will lead us towards long-term growth and sustainability. In order to achieve the effective communication with our suppliers, we use various touch points which comprises of regular meetings, emails and phone calls. These meetings are crucial for us to gather feedback, exchange ideas, formulate action plans to achieve our procurement aims. By working closely with our suppliers, we expect to gain mutual understanding and develop ways to continuously improve and create value for our business.

In compliance with our ISO guide, we have assessment procedures in selection of new suppliers. The selection of suppliers are endorsed by way of approved vendor list. We conduct site visits to selected suppliers, as well as evaluate their company background and financial information, to determine the viability of the supplies. Regularly, evaluation is conducted for selected key suppliers to ensure that the bulk of our supplies remain optimal.

Our suppliers are also chosen for their ability to complement and enhance our commitment towards providing high quality products and excellent service standard. We conduct sampling check on the goods delivered to ensure the goods supplied are in accordance to the Group's materials requirements. The suppliers are also expected to comply with the local regulations in regards of environmental standard, maintain fair social practice and good ethical standards.

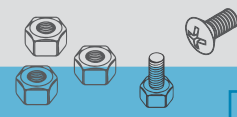
In FY2020 more than 92% as compared to 85% in FY2019 of the total numbers of suppliers of our reporting subsidiaries that we engaged with, are local suppliers. However, we imported almost 100% of our raw materials from overseas for manufacturing of fastener products due to the lack of supply in Malaysia for the wire rod that are required.

ENVIRONMENTAL

Waste & Effluent

We handle effluents and waste in line with Environmental Quality Regulations 2009. We consistently keep track on the volume of effluent generated from our productions and ensure that the critical parameters such as pH value, chemical oxygen demand, suspended solids and other trace elements are within the effluent standard. We have in place our in house waste water treatment plant to treat the hazardous water generated before it is discharged to local water course. This will reduce the burden on public water treatment. During the current financial year approximately RM281,000 had been spent in maintaining the existing waste water treatment plant in CWF.

Given the nature of our industry, our operations generate scheduled waste which includes amongst other waste streams, waste containing organic or inorganic constitutions and chemical waste. In compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005, all scheduled waste generated are properly stored and transported to licensed contractor, certified by Department of Environment ("DOE") for treatment or recovery. We always aim to recycle more than 50% of scheduled waste generated and will continue our efforts to reduce the waste generation and disposal. During FY2020, it is recorded that the recycling rate of the hazardous generated in CWF and CHI is 60.69% and 64.00% respectively.



ENVIRONMENTAL (CONT'D)

Waste & Effluent (cont'd)

Subsidiary	Recycling Rate	
	FY2019	FY2020
Chin Well Fasteners Co. Sdn. Bhd.	67.65%	60.69%
Chin Herr Industries (M) Sdn. Bhd.	69.18%	64.00%

The recycling rate recorded in FY2020 was lower as compared to the rate in FY2019 mainly due to different product mix was produced in the current financial year and shutdown of the factories during MCO has lower down the production volume.

As part of the Group's on-going efforts in preserving and conserving the environment and the nature of our production activities, various measures were undertaken by the Group during the financial year to minimise the impact of our business has on the environment. We proactively seek to implement practices that will lead to the sustainable use of energy and striking a balance between the waste and effluent generated, given the nature of our business, and the need to preserve the environment.

In view of the nature of our production activities, we are subject to periodically check by Department of Environment ("DOE") to ensure we comply with the environmental requirements. During FY2020, there had been no penalty by the authorities for non-compliance with the environmental laws and regulations in our operations in Malaysia.

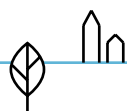
Energy Consumption

As a responsible business entity, we seek ways to reduce our energy consumption across our business operations as a method of reducing environmental impact. We recognize that optimizing energy consumption across the Group will not only result in cost saving but also reduce the damage to the environment. Therefore, we are committed to ensure energy is not wasted and the consumption is at its optimum level for our operations. Production process has been reviewed to ensure energy isn't being wasted and consider the use of high efficiency motors in the production. Besides closely monitoring our energy usage, we are implementing simple measures in our operations such as encourage the use of day light, switching off the light and air-condition during lunch time. The company always tries to cultivate energy saving awareness among the staff as we believe even the small energy saving action will eventually bring substantial difference to our environmental footprint.

Below is the electricity usage of the reporting subsidiaries in Malaysia during FY2020 as compared to FY2019:

Subsidiary	Electricity Consumption (kWh)		Energy Intensity (EI) (kWh/MT)		Target EI (kWh/MT)
	FY2019	FY2020	FY2019	FY2020	
Chin Well Fasteners Co. Sdn. Bhd.	9,637,051	8,086,825	344	340	500
Chin Herr Industries (M) Sdn. Bhd.	19,652,690	13,869,646	146	163	NA

Electricity consumption during the financial year is lower due to the shutdown of the factories during MCO and thus affected the EI recorded in FY2020 as the production output is lower as compared to FY2019. CWF achieved their target in energy intensity ("EI"), i.e. energy consumption per output during the financial year.



ENVIRONMENTAL (CONT'D)

Water Management

Water is one of our most used natural resources in the processes of our production especially in the plating process. Water is used for degreasing, rinsing, pickling, electroplating and passivation during plating process. As such, our focus has always been on finding ways to reduce water wastage. As part of our effort to increase water usage efficiency, we continuously monitor and track of our water consumption.

The followings table provides the information on our water consumption in the reporting subsidiaries in Malaysia during the FY2020 as compared to FY2019:

Subsidiary	Unit of Measurement	FY2019	FY2020
Chin Well Fasteners Co. Sdn. Bhd.	m3	166,092	252,848
Chin Herr Industries (M) Sdn. Bhd.	m3	77,198	50,431

The higher water consumption is recorded by CWF in the current financial year mainly due to set up of a new plating line in the production to cater for higher production volume.

SOCIAL

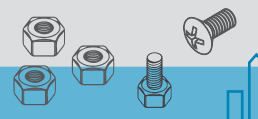
Anti-Bribery and Corruption Policy

Chin Well Group has adopted an anti-bribery and corruption policy in June 2020 when the amendment to the Malaysian Anti-Corruption Act 2009, the Corporate Liability Provision known as S17A, came into effect. The Group has engaged an independent consultant to carry out the corruption and bribery risk assessment in the major subsidiaries. The Audit Committee had been briefed by the consultant on the bribery risk identified in the assessment and the appropriate procedures had been proposed by the consultant. Training had been conducted to the employees to create awareness of the risk and implication of fraud, bribery and corruption. The briefing also reminds the employees to discharge their duties with due care where breaching their fiduciary duties may lead to their dismissal. The following actions are being taken by management to implement the adequate control measures with the aim to prevent the occurrence of corruption in the Group.

1. Anti-corruption programmes such as to include a corruption risk assessment in its annual risk register;
2. Training of its staff on corruption prevention;
3. Integrity pacts with its vendors where they commit to carry on business that is bribe-free, and with a provision stating that they will be terminated if they do not comply;
4. Code of Business Ethics to regulate the behaviour of its staff, management and directors;
5. Policy under the Whistleblower Protection Act 2010 to protect the whistleblower; and
6. Revise or update relevant internal standard operating procedures on bribery and how to prevent or avoid it;

Whistle Blowing Policy

In addition to the anti-bribery and corruption policy, Chin Well Group has in place a whistle-blowing policy to allow our employees the mechanism to raise concerns on possible improprieties in financial reporting, fraudulent acts and other such irregularities without fear of reprisals. The policy has been updated in the current financial year in conjunction with the effective of Corporate Liability Provision, Sec17A of amendment to Malaysian Anti-Corruption Act ("MACC") 2009 in June 2020. The mechanism is endorsed by our Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Audit Committee. In FY2020, there was no-know whistle blowing case in the Group.



SOCIAL (CONT'D)

Upholding Human Rights

In regards to upholding human rights, our Group always support international accepted human rights principles such as those related to child labour and human trafficking. We are in compliance with the prevailing Labour Law in Malaysia throughout the current financial year.

We do not engage with business partners that are known to use unethical means in their business processes. We also respect and protect the rights of our own employees and the freedom of association and collective bargaining. A 13th Collective Agreement was signed during the financial year 2020 by CWF with Metal Industry Employees Union ("MIEU") with the aim to protect the rights of the employees. Nevertheless, we have not received any reports of human rights violation by the Group in the current financial year.

Labour Practice

Sports and recreational activities such as badminton games were organized during the financial year to promote healthier living, harmony, better working relationships, co-operations and teamwork amongst the employees. Social gatherings for the staff were unable to be held during the current financial year due to the adoption of the Standard Operating Procedures ("SOP") as a precautionary measure to eliminate the spread of COVID-19 in the workplace. In consideration of the rising cost of living and to encourage consumption of healthier food, the Management provides free vegetarian lunch to the employees on a regular basis.

In line with our Group policy, we also provide financial education support for the children of our qualified employee.

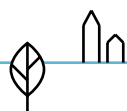
Training

The Group placed significant emphasis on upgrading its employee's competency. Beside on the job training, we also conduct annual review on the employees training needs to determine the training that are required by each employee to equip them to perform their job more efficiently and for their future career development. Internal trainings were conducted during the current financial year and selected employees were also sent to external training programme from time to time.

Diversity

The Group does not have a written diversity policy in workplace but it is believed that a well-managed, diverse work force expands the Group's base of knowledge, skills and cross-cultural understanding, which in turn, enables us to understand, relate and respond to our diverse and changing customers throughout the world. We maintain a work environment free from discrimination and we comply with all applicable laws pertaining to non-discrimination and equal opportunity. This is evidenced by the diverse ethnic and social backgrounds of members and staff.

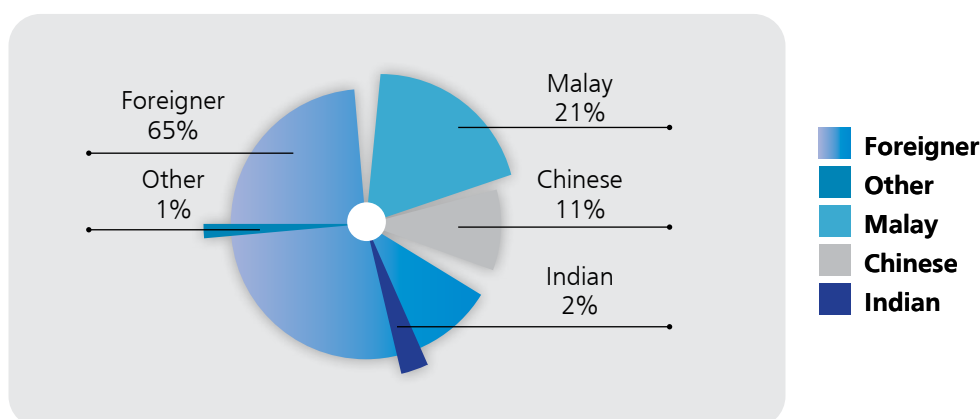
Currently, 89% of our work force in the reporting subsidiaries is male in view of the work nature, nevertheless we will consider female recruitments if they are appropriate for the positions. Whilst the current ethnicity in the work place in Malaysia are as follow:



SOCIAL (CONT'D)

Diversity (cont'd)

The high percentage of foreign ethnicity was mainly due to the production work force consists majority of foreign workers.



Occupation Safety & Health

The Group strives to ensure a safe and healthy working environment for all its employees. As such, we adhere strictly to all stipulated regulations and guidelines in the countries we operate in with the aim to minimize the work-related injury which leads to positive workplace morale and ultimately to higher quality products.

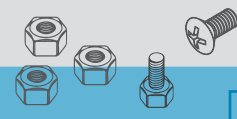
The Health and Safety Committee is formed in the respective reporting subsidiaries to ensure health and safety issues are being addressed. The committee members are elected by way of management nomination and employee selection, based on criteria such as daily work scope and ability to handle health and safety issues. The committee regularly monitors and reviews our safety practices and procedures. In addition, various programmes such as fire drill and emergency response training are conducted during the financial year. On-job trainings were conducted regularly to create safety awareness among the workers to ensure the daily operation works and handling of chemicals and machineries are always been carried out in a safe manner.

Internal safety audit were carried out on quarterly basis to ensure the safety equipment and machineries are properly function and are well maintained. All workers have to wear safety shoes and ear plug at all times in the production floor. Workers are provided with safety and health training from time to time and we track and record all the industrial accidents and injuries which happen during the current reporting financial year. Our overall accident frequency rate is disclosed in the table below, and we continue to endeavour to keep these rates as low as possible.

Subsidiary	Number of accident cases	
	FY2019	FY2020
Chin Well Fasteners Co. Sdn. Bhd	2	2
Chin Herr Industries (M) Sdn. Bhd.	1	2

Community Investment

Embracing our role as a corporate citizen, we endeavour to contribute meaningfully to the communities and environment in which we operate. During FY2020, the Group had contributed monetary and non-monetary donations to various non-profit organizations and school. Gifts and groceries had also been distributed to the needy of the neighboring community during the festivals.



Pursuant to Paragraph 15.26 (b) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, the Board of Directors ("Board") of Chin Well Holdings Berhad is pleased to provide the following statement on risk management and internal control of the Group, which has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("Internal Control Guidelines").

RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

The Board recognises the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the adequacy and integrity of those systems.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing its business objectives. This process has been in place throughout the financial year and up to the date of approval of this annual report. The adequacy and effectiveness of this process have been continuously reviewed by the Board and are in accordance with the Internal Control Guidelines.

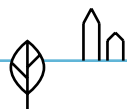
The Group adopts a written internal control framework covering the major operating procedures in the major subsidiaries. The components of internal controls which have been identified in the framework include control environment, risk assessment, control activities, information and communication and its monitoring. The system of internal control under the framework covers not only financial controls but also operational controls and risk management procedures. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. The system can therefore provide reasonable, but not absolute assurance, against material misstatement, loss or fraud. The framework is subject to review from time to time to accommodate process changes or to meet new business requirements.

RISK MANAGEMENT

The Board and management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment which may entail different risks. Management proactively identifies significant risk on a regular basis with design and implementation of suitable internal controls. The internal auditors were appointed to assist in the facilitation of risk assessment updates on certain subsidiaries in the Group where high level risk assessment exercise is carried out annually and the update shall be reported to the Audit Committee accordingly.

The key aspects of the risk management process being carried out during the financial year under review are as follows:

- Departmental heads of the major local subsidiaries have identified the critical risk areas and updated the risk profiles of their departments;
- The respective departmental heads have prepared a risk register detailing significant risk issues of their departments, existing controls and additional control measures were updated and implemented to manage the risks;
- Risks are classified into two categories, namely Non-controllable risk which is catastrophic in nature and Controllable risk, comprising the risks arise due to the internal factors;
- The risks identified were assessed and rated based on their likelihood of occurrence and severity of impact;



RISK MANAGEMENT (CONT'D)

The key aspects of the risk management process being carried out during the financial year under review are as follows: (cont'd)

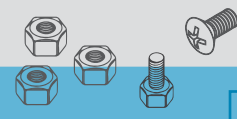
- Credit risk has been identified as an additional risk during the financial year under review while the existing risks in other major operational areas have been reassessed accordingly. Provision for impairment in trade debtors had been made in the financial statements in compliance with MFRS 9 during the financial year under review. Review of credit control policy will be performed to ensure adequate controls are in place to cope with the challenging business environment following the outbreak of COVID-19;
- Top management of the respective subsidiaries i.e. the general manager, were provided with the risk register reports for review, discuss and monitor the risk profiles and implementation of action plans wherever necessary;
- The management is responsible to continuously monitor the implementation of risk mitigation action plan to a level acceptable to the Board. Risk issues were discussed in the management meeting whenever required and existing controls are re-assessed and strengthened from time to time;
- A copy of the risk register of the subsidiaries were forwarded to the internal auditors for compilation;
- The internal auditors have summarised and updated the top ranking risks identified by the major subsidiaries in Malaysia and presented it to the Audit Committee, highlighting the new emerged or significant risks facing by each major subsidiary. Audit Committee will ensure there are sufficient controls in place or management action plan to mitigate the consequences;
- The Audit Committee has taken the risk report into consideration for future audit purposes; and
- The Audit Committee consulted the internal auditors for further improvement of the risk management process of the group from time to time.

INTERNAL AUDIT

The Board acknowledges the importance of the internal audit function and has outsourced this function in major subsidiaries in Malaysia to an independent consulting firm while the internal audit function in the Vietnam subsidiary is performed by an internal team. The internal auditor adopts a risk-based approach in developing its audit plan which includes reviewing key processes of the core operating units of the Group based on their risk profile. The annual audit plan which include audit approach, past and proposed auditable areas and scope of audit reporting, will be tabled to the Audit Committee for approval. The Audit Committee will review, discuss and decide on the audit areas for the Group for the financial year ahead. The audit plan will be revised whenever necessary.

The independent reports on the state of internal control of the various core operating units are tabled directly to the Audit Committee twice a year and the audit findings were discussed at the Audit Committee meeting. Internal auditors will advise management on areas for improvement and subsequently initiate follow-up actions to determine the extent of implementation of their recommendations. The Audit Committee reviews the work of the internal auditors, their findings and recommendations to ensure that it obtains the necessary level of assurance with respect to the adequacy of the internal controls.

During the financial year ended 30 June 2020, the internal auditors have conducted reviews on inventory control and purchasing functions of a major subsidiary in Malaysia. In Vietnam, the internal audit team had reviewed the compliance of their standard operating procedures in various departments within the subsidiary. A number of minor internal control weaknesses were identified during the audit, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.



INTERNAL AUDIT

In view of the high allowance for expected credit losses on trade receivables had been provided in the current financial year, the Audit Committee has instructed the internal auditors to perform a thorough review on the marketing function in particularly credit control policy of one of the major subsidiary in Malaysia in FY2021 to ensure adequate controls are in place.

INTERNAL CONTROL

Apart from risk management framework and internal audit function, the Group has put in place the following key elements of internal control:-

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority.
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability.
- All the major subsidiaries have been certified with MS ISO 9001:2015 Quality Management System.
- Surveillance Audit will be conducted annually to ensure the compliance of the MS ISO 9001:2015 requirements.
- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement.
- Regular and comprehensive information provided to management, covering financial and operational performance for effective monitoring and decision making.
- Regular management meetings are held in each of the Group's business operations to discuss operational issues of the business. Action-plans are constructed for issues identified during the meeting.
- Management accounts with extensive analysis and cash flow reports are provided to the executive directors to facilitate reviewing and monitoring of the financial performance and cash flows of the major subsidiaries.
- Board meetings are held on quarterly basis to discuss on quarterly financial statements and issues that warrant the Board's attention. Actual financial result of the Group compared against its budget will be reviewed by the Board.
- Group budget was presented and approved by the Board in the beginning of the financial year under review.
- Board's approval via board resolution is required for significant capital expenditures with pre-determined limit, significant business venture, disposal of significant investment of the Group and provision of corporate guarantee for financing facilities granted from financial institutions.
- Regular visits to operating units by Executive Directors and senior management.
- The professionalism and competence of the Group's human resources are maintained through established recruitment process, performance appraisal system and training.
- Training and development programmes are attended by the staff to enhance their competency skills.

The Board has also received assurance from the Group managing director and Group finance director that the risk management and internal control system of the Company and its subsidiaries are operating adequately and effectively, in all material aspects, based on the risk management and internal control system adopted.

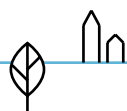
Based on the above, the Board confirms that there is an ongoing risk management process established, the system of internal control are satisfactory and appropriate to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of the Group's business and corporate objectives.

The Board is cognizant of the importance of maintaining appropriate controls and will continue to review the adequacy, integrity and implementation of appropriate internal controls system.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the annual report for the financial year under review. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountant for inclusion in the Annual Report of the Group for FYR2020. From the review conducted, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Internal Control Guideline nor is the Statement factually inaccurate.

This Statement is issued in accordance with a resolution of the Directors dated 2 October 2020.



MEMBERSHIPS

The present Audit Committee ("the Committee") of the Company consists of three (3) members, comprising wholly Independent Non-Executive Directors and this meets with the requirements of paragraph 15.09(1) (b) of the MMLR of Bursa Securities. The members of the Committee and their meeting attendance during the financial year ended 30 June 2020 are as follows:-

Name	Designation	Directorate	Number of Meetings Attended
Ang Seng Oo	Chairman	Independent & Non-Executive	5/5
Sharmin Fazlina Binti Mohd Shukor	Member	Independent & Non-Executive	4/5
Low Yeaw Seng	Member	Independent & Non-executive	5/5

TERMS OF REFERENCE

The term of reference of the Committee is available on the Company's website (www.chinwell.com.my).

SUMMARY OF WORK

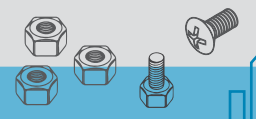
The works carried out by the Committee during the financial year ended 30 June 2020 are summarized as follows:-

1. Financial Reporting

- On 28 August 2019, the Committee reviewed the unaudited consolidated financial results for the 4th quarter of the financial year ended 30 June 2019 and recommended to the Board for approval.
- On 26 September 2019, the Committee reviewed the Company's annual audited financial statements for the financial year ended 30 June 2019 and recommended to the Board for approval.
- On 27 November 2019, 27 February 2020 and 25 June 2020 respectively, the Committee reviewed the unaudited consolidated financial results for the 1st, 2nd and 3rd quarters of the financial year ending 30 June 2020 and recommended to the Board for approval.
- The Committee reviewed the recurrent related party transactions of revenue or trading nature on quarterly basis during the Committee meetings.

2. External Audit

- On 28 August 2019, the Committee held a private session with the External Auditors without the presence of the Executive Directors and the Management in relation to the financial audits of the Group for the financial year ended 30 June 2019. On the same day, the External Auditors also presented their audit findings together with the Group's results to the Committee.
- On 26 September 2019, the Committee deliberated the External Audit Completion Report in relation to relevant disclosures in the annual audited financial statements together with the management letter for the financial year ended 30 June 2019.



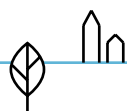
SUMMARY OF WORK (CONT'D)

2. External Audit (cont'd)

- c. On 26 September 2019, the Committee held a private session with the External Auditors without the presence of the Executive Directors and the Management in relation to the financial audits of the Group for the financial year ending 30 June 2019.
- d. On 26 September 2019, the Committee had carried out an annual assessment on the performance of the External Auditors via a set of questionnaires. Based on the assessment, the Committee was satisfied with the independence, competency and the overall performance of the External Auditors and recommended them to the Board for re-appointment as External Auditors for the financial year 2020.
- e. On 25 June 2020, the External Auditors tabled to the Committee the External Audit Plan for the financial year ending 30 June 2020 which include amongst others the engagement responsibilities and reporting responsibilities, the audit approach, areas of audit emphasis, legal updates, engagement team, proposed reporting schedule and proposed fees.

3. Internal Audit for subsidiaries in Malaysia

- a. On 28 May 2019, the Committee reviewed with the internal auditors the internal audit plan for the financial year 2020 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- b. On 26 September 2019, the Committee reviewed the Statement of Risk Management and Internal Control, Corporate Governance Statement and Audit Committee Report and recommended to the Board.
- c. On 27 February 2020 and 26 August 2020 respectively, the Committee reviewed the internal audit reports tabled by the internal auditors. The internal audit reports contained the audit findings on the purchasing and production control functions of a major subsidiary, audit recommendations provided by the internal auditors and management responses to those findings and recommendations.
- d. On 27 February 2020 and 26 August 2020 respectively, the Committee also reviewed with the internal auditors, the progress reports on the status of implementation by the Management of the audit recommendations.
- e. On 25 June 2020, the Committee reviewed the Risk Assessment Report tabled by the internal auditors.
- g. On 26 August 2020, the Committee reviewed with the internal auditors, the internal audit plan for the financial year ending 30 June 2021 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- h. On 25 June 2020, the Committee carried out an assessment on the adequacy of the scope, function and effectiveness of the outsourced internal audit function. The Committee concluded that the outsourced internal audit function of the Group has been adequate. With that, the Committee recommended the outsourced internal auditors to the Board for re-appointment for the financial year ending 30 June 2021.



SUMMARY OF WORK (CONT'D)

3. Internal Audit for subsidiary in Vietnam

- a. On 28 August 2019, the Committee reviewed the internal audit plan in respect of the subsidiary in Vietnam for the financial year 2020 prepared by the in-house internal auditors.
- b. On 28 August 2019, the Committee reviewed the internal audit report consist of major findings on the audited areas, audit recommendations, management responses and the proposed corrective actions as prepared by the in-house internal auditors..

4. Section 17(A) of Malaysian Anti-Corruption Commission ("MACC") Amendment Act 2018

- a. On 25 June 2020, the Committee reviewed the Bribery and Corruption Risk assessment report of the Group presented by an independent consultant.
- b. The risk assessment results on perceived bribery and corruption risk of the respective subsidiaries based on their existing operation and business nature are reported and the relevant adequate procedures had been recommended by the independent consultant to the Committee.

INTERNAL AUDIT FUNCTION

The Board recognises that an internal audit function is vital in ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. In this respect, the Company had outsourced the internal audit function to the external professional firm except for the internal audit function of the Company's subsidiary in Vietnam which was performed in house.

The head of internal audit is a qualified practitioner and a member of the Malaysian Institute of Accountants ("MIA") and member of Institute of Internal Auditors Malaysia. The internal audit team had participated in various continuing professional development programmes which are relevant to their work function during the financial year.

The Committee sets the scope of the internal audit, reviews and approves the annual audit plan and internal audit's financial budget. The internal auditors report directly to the Committee.

The internal auditor independently reviews the internal control of key functional areas and business activities of the Group according to the annual internal audit plan approved by the Committee. The internal audit function is guided by the International Professional Practice Framework and adopts risk-based approach in preparing its audit strategy and plan based on the risk profiles of the major business units of the Group in Malaysia. The Committee reviews the risk monitoring and compliance procedures of the Group to obtain the level of assurance required by the Board. The Committee presents its findings to the Board on a half yearly basis or earlier as appropriate.

During the financial year ended 30 June 2020, the internal auditors had reviewed the systems of internal control on purchasing and production control of a subsidiary and had assisted the Committee in identifying areas for improvements, analyzing the issues and made their recommendations based on risk ratings to ensure adequate and effective systems are in place. The internal auditors had also carried out follow-up reviews of findings reported in prior financial quarters. Additionally, the internal auditors had facilitated the management of the risk assessment exercise and report to the Committee what are the Group's risks and to consider revising the Internal Audit Plan accordingly, if necessary.

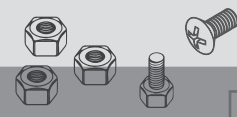
The total cost incurred in managing the internal audit function of the Group for the financial year ended 30 June 2020 was approximately RM20,730.

Further details on the internal audit function and its activities are set out in the Statement on Risk Management and Internal Control section of this Annual Report.



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020



The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended **30 June 2020**.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are investment holding, manufacturing and trading of fastening and wire products.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit after taxation for the financial year	<u>2,417,207</u>	<u>31,186,302</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the allowance for expected credit losses on receivables amounting to RM18,598,601 recognised in profit or loss.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the notes to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

	RM
Second interim single tier dividend of 3.35 sen per share in respect of financial year ended 30 June 2019	9,835,160
First interim single tier dividend of 1.50 sen per share in respect of financial year ended 30 June 2020	<u>4,357,504</u>
	<u>14,192,664</u>

The directors do not recommend any final dividend payment for the financial year.

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company did not issue any share or debenture.

TREASURY SHARES

During the financial year, the Company repurchased 4,270,100 of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.20 per share including transaction costs and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016.

As at 30 June 2020, the Company held 10,155,400 treasury shares out of its total 299,533,168 issued ordinary shares. Further relevant details are disclosed in Note 14 to the financial statements.

HOLDING COMPANY

The Company is a subsidiary of Benua Handal Sdn. Bhd., a company incorporated and domiciled in Malaysia. The directors regard Benua Handal Sdn. Bhd. as the ultimate holding company.

DIRECTORS

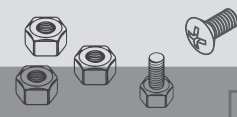
The directors who served since the end of the previous financial year to the date of this report are as follows:

Directors of the Company:

Lim Chien Ch'eng
Tsai Yung Chuan
Tsai Chang Hsiu-Hsiang
Sharmin Fazlina Binti Mohd Shukor
Ang Seng Oo
Low Yeaw Seng

Directors of the subsidiaries:

Tsai Cheng Hsun
Tsai Chia Wen
Tsai Chia Ling



DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares in the Company and or its related corporations during the financial year are as follows:

	Number of ordinary shares		
	Balance at 1.7.2019	Bought Sold	Balance at 30.6.2020
The Company			
Direct Interest:			
Lim Chien Ch'eng	5,943,650	55,000 -	5,998,650
Deemed interest:			
Lim Chien Ch'eng	1,765,314	- -	1,765,314
Tsai Yung Chuan	162,306,846	100,000 (100,000)	162,306,846
Tsai Chang Hsiu-Hsiang	100,000	- (100,000)	-

By virtue of his shareholding in the Company, **Mr. Tsai Yung Chuan** is also deemed interested in the shares of all the subsidiaries during the financial year, to the extent that the Company has interests.

Other than as disclosed above, 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.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Fees	270,000	-	270,000
Salaries, allowance and bonus	5,200	3,213,412	3,218,612
Defined contribution plans	-	153,690	153,690
Benefits-in-kind	-	15,500	15,500
	275,200	3,382,602	3,657,802

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed above) by reason of a contract made by the Company or a related corporation with a 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, other than those related party transactions disclosed in the notes to the financial statements.



INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnity has been given to or insurance effected for any of the directors, officers or auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements 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 provision for doubtful debts and satisfied themselves that adequate provision had been made for doubtful debts and there were no bad debts to be written off, and
- (ii) to ensure that any current assets which were unlikely to realise their value 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.

At the date of this report, the directors are not aware of any circumstances:

- (i) that would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent,
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading,
- (iii) that would render any amount stated in the financial statements of the Group and of the Company misleading, and
- (iv) that have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other persons, and
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

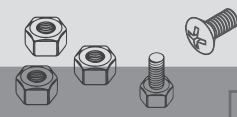
In the opinion of the directors:

- (i) no contingent liability 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 and of the Company to meet their obligations as and when they fall due, and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020



SIGNIFICANT EVENT

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

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 June 2020 were RM82,000 and RM22,000 respectively.

The auditors, **Grant Thornton**, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

Tsai Yung Chuan

Penang,

Date: 2 October 2020

Tsai Chang Hsiu-Hsiang

In the opinion of the directors, the financial statements set out on pages 59 to 118 are properly 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 **30 June 2020** and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

Tsai Yung Chuan

Tsai Chang Hsiu-Hsiang

Date: 2 October 2020

STATUTORY DECLARATION

I, **Tsai Chang Hsiu-Hsiang**, the officer primarily responsible for the financial management of **Chin Well Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 59 to 118 are to the best of my knowledge and belief, 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 at Penang, this **2nd**)
day of **October 2020**.)

Tsai Chang Hsiu-Hsiang
(I/C: 570215-71-5308)

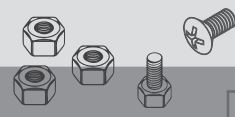
Before me,

Liew Juan Leng
No. P162
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN WELL HOLDINGS BERHAD
(COMPANY NO. 199501042347 (371551-T))



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Chin Well Holdings Berhad**, which comprise the statements of financial position as at **30 June 2020** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including the accounting policies, as set out on pages 59 to 118.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 June 2020**, and of their financial performance and cash flows for the financial 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 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 Ethics Standards Board for Accountants' 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 financial 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.

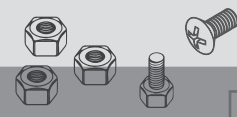
Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Valuation of inventories</p> <p><i>(Note 8 to the financial statements)</i></p> <p>As at 30 June 2020, the Group holds significant amount of inventories which exposes the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying value.</p> <p>The Group applies the weighted average cost method in valuing its inventories. Labour and overhead costs are applied on incurred basis. The risk that the costing of inventories are not consistently applied and that inventories are not stated at the lower of cost and net realisable value is considered a significant risk identified in our risk assessment process as it involves estimation uncertainty and judgement by the directors.</p>	<p>Our audit procedures in relation to the valuation of inventories included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of: <ul style="list-style-type: none"> - the Group's inventory management process; and - how the Group identifies and assesses inventory write-downs. • Attending the year end physical inventory count paying attention to the physical condition of inventories. • Reviewing the costing method used by the Group and whether it is consistent with prior year. • Reviewing and testing the net realisable value of inventories on sampling basis. • Evaluating the adequacy of inventories write-downs related to slow moving and obsolescence.
<p>Allowance for expected credit losses on trade receivables</p> <p><i>(Note 9 to the financial statements)</i></p> <p>The Group has significant trade receivables as at 30 June 2020 and it is subject to credit risk exposure. We focus on this area as the assessment of expected credit losses of receivables involved management judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of receivable, historical loss experience and forward-looking information.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of: <ul style="list-style-type: none"> - the adequacy of the Group's policy in extending credit facility to customers; - the Group's control over sales collection; and - how the Group identifies and assesses the allowance for expected credit losses on trade receivables. • Reviewing the aging analysis of trade receivables and evaluating the collectability for past due accounts. • Reviewing the basis for calculating the expected credit losses is in line with the Group's policy.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN WELL HOLDINGS BERHAD
(COMPANY NO. 199501042347 (371551-T) (CONT'D))



Key Audit Matters (cont'd)

Key Audit Matters (cont'd)	How our audit addressed the Key Audit Matters
----------------------------	---

Revenue recognition

(Note 22 to the financial statements)

The Group's revenue is derived from manufacturing of carbon steel fasteners, wire products and trading of steel bars.

We focus on revenue recognition as a key audit matter as there is a risk that revenue maybe incorrectly recognised as different customers have different deliverable arrangements and this could impact the point at which the control is transferred and service is rendered to the customer.

Our audit procedures included the following:

- Reviewing the assessment performed by management on compliance with revenue recognition policies.
- Obtaining an understanding of the Group's revenue recognition process and application and thereafter testing controls on the occurrence of revenue.
- Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities.
- On a sampling basis, we have performed substantive testing to verify that revenue recognition criteria are being properly applied.
- Assessing the correct period for the revenue recognised by testing cut-off through assessing sales transactions taking place at either side of the financial year end as well as reviewing credit notes and sales returns issued after the year end.

There are no key audit matters in the audit of the separate financial statements of the Company.

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.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to 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.



Directors' Responsibilities for the Financial Statements (cont'd)

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 the financial statements of the Group and of the Company.

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:

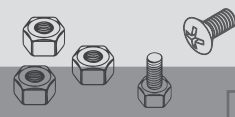
- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN WELL HOLDINGS BERHAD
(COMPANY NO. 199501042347 (371551-T) (CONT'D))



Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 financial 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.

Other Matter

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.

Grant Thornton
No. AF: 0042
Chartered Accountants

Penang

Date: 2 October 2020

John Lau Tiang Hua
No. 01107/03/2022 J
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

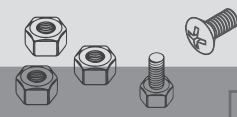
		GROUP		COMPANY	
	NOTE	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	162,277,846	154,281,738	1	1
Investment properties	5	4,723,172	4,790,475	-	-
Right-of-use assets	6	982,557	-	-	-
Investment in subsidiaries	7	-	-	263,051,296	263,051,296
		<u>167,983,575</u>	<u>159,072,213</u>	<u>263,051,297</u>	<u>263,051,297</u>
Current assets					
Inventories	8	262,642,520	266,299,389	-	-
Trade receivables	9	103,229,475	134,001,983	-	-
Other receivables, deposits and prepayments	10	23,141,484	15,076,195	4,500	4,500
Amount due from a subsidiary	11	-	-	210,979	4,389
Current tax assets		11,226,176	5,537,304	19,653	3,602
Cash and cash equivalents	12	110,321,732	124,216,604	25,963,656	14,380,757
		<u>510,561,387</u>	<u>545,131,475</u>	<u>26,198,788</u>	<u>14,393,248</u>
TOTAL ASSETS		<u>678,544,962</u>	<u>704,203,688</u>	<u>289,250,085</u>	<u>277,444,545</u>
EQUITY AND LIABILITIES					
Share capital	13	177,929,384	177,929,384	177,929,384	177,929,384
Treasury shares	14	(15,301,067)	(10,163,635)	(15,301,067)	(10,163,635)
Foreign translation reserve	15	37,297,056	28,990,630	-	-
Retained profits	16	368,836,817	380,612,274	126,325,874	109,332,236
Total equity		<u>568,762,190</u>	<u>577,368,653</u>	<u>288,954,191</u>	<u>277,097,985</u>
Non-current liabilities					
Lease liabilities	6	750,522	-	-	-
Deferred tax liabilities	17	9,327,725	8,396,145	-	-
		<u>10,078,247</u>	<u>8,396,145</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade payables	18	19,680,775	19,251,992	-	-
Other payables and accruals	19	7,865,994	8,430,261	295,894	346,560
Contract liabilities	20	1,573,526	1,593,119	-	-
Borrowings	21	70,344,199	89,163,518	-	-
Lease liabilities	6	240,031	-	-	-
		<u>99,704,525</u>	<u>118,438,890</u>	<u>295,894</u>	<u>346,560</u>
Total liabilities		<u>109,782,772</u>	<u>126,835,035</u>	<u>295,894</u>	<u>346,560</u>
TOTAL EQUITY AND LIABILITIES		<u>678,544,962</u>	<u>704,203,688</u>	<u>289,250,085</u>	<u>277,444,545</u>

The accompanying notes form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)



	NOTE	GROUP		COMPANY	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	22	534,907,641	680,729,232	30,649,163	4,008,950
Cost of sales		(486,624,737)	(582,767,783)	-	-
Gross profit		48,282,904	97,961,449	30,649,163	4,008,950
Other income	23	7,104,890	8,824,453	955,033	1,112,302
Administrative expenses		(37,440,402)	(23,495,374)	(411,680)	(512,158)
Selling and distribution expenses		(8,233,102)	(11,443,745)	-	-
Operating profit		9,714,290	71,846,783	31,192,516	4,609,094
Finance costs	24	(2,413,999)	(3,023,835)	-	-
Profit before taxation	25	7,300,291	68,822,948	31,192,516	4,609,094
Taxation	26	(4,883,084)	(11,244,908)	(6,214)	(18,314)
Profit for the financial year		2,417,207	57,578,040	31,186,302	4,590,780
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss:					
Foreign exchange differences for foreign operations		8,306,426	2,565,950	-	-
Total comprehensive income for the financial year		10,723,633	60,143,990	31,186,302	4,590,780
Earnings per share attributable to owners of the Company (sen)					
- Basic/Diluted	27	0.82	19.60		

The accompanying notes form an integral part of these financial statements.

CONSOLIDATION STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

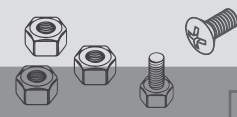
NOTE	Share Capital RM	Non-distributable		Distributable		Total Equity RM
		Treasury Shares RM	Foreign Translation Reserve RM	Retained Profits RM		
2020						
Balance at beginning	177,929,384	(10,163,635)	28,990,630	380,612,274		577,368,653
Foreign exchange differences for foreign operation	-	-	8,306,426	-		8,306,426
Profit for the financial year	-	-	-	2,417,207		2,417,207
Total comprehensive income for the financial year	-	-	8,306,426	2,417,207		10,723,633
Transactions with owners:						
Dividends	28	-	-	(14,192,664)		(14,192,664)
Purchase of treasury shares	14	-	(5,137,432)	-		(5,137,432)
Total transactions with owners of the Company		-	(5,137,432)	(14,192,664)		(19,330,096)
Balance at end	177,929,384	(15,301,067)	37,297,056	368,836,817		568,762,190
2019						
Balance at beginning	177,929,384	(9,423,981)	26,424,680	348,294,838		543,224,921
Foreign exchange differences for foreign operation	-	-	2,565,950	-		2,565,950
Profit for the financial year	-	-	-	57,578,040		57,578,040
Total comprehensive income for the financial year	-	-	2,565,950	57,578,040		60,143,990
Transactions with owners:						
Dividends	28	-	-	(25,260,604)		(25,260,604)
Purchase of treasury shares	14	-	(739,654)	-		(739,654)
Total transactions with owners of the Company		-	(739,654)	(25,260,604)		(26,000,258)
Balance at end	177,929,384	(10,163,635)	28,990,630	380,612,274		577,368,653

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020



	NOTE	Share Capital RM	Non- distributable Treasury Shares RM	Distributable Retained Profits RM	Total Equity RM
2020					
Balance at beginning		177,929,384	(10,163,635)	109,332,236	277,097,985
Total comprehensive income for the financial year		-	-	31,186,302	31,186,302
Transactions with owners:					
Dividends	28	-	-	(14,192,664)	(14,192,664)
Purchase of treasury shares	14	-	(5,137,432)	-	(5,137,432)
Total transactions with owners of the Company		-	(5,137,432)	(14,192,664)	(19,330,096)
Balance at end		<u>177,929,384</u>	<u>(15,301,067)</u>	<u>126,325,874</u>	<u>288,954,191</u>
2019					
Balance at beginning		177,929,384	(9,423,981)	130,002,060	298,507,463
Total comprehensive income for the financial year		-	-	4,590,780	4,590,780
Transactions with owners:					
Dividends	28	-	-	(25,260,604)	(25,260,604)
Purchase of treasury shares	14	-	(739,654)	-	(739,654)
Total transactions with owners of the Company		-	(739,654)	(25,260,604)	(26,000,258)
Balance at end		<u>177,929,384</u>	<u>(10,163,635)</u>	<u>109,332,236</u>	<u>277,097,985</u>

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

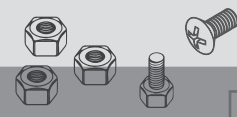
	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	7,300,291	68,822,948	31,192,516	4,609,094
Adjustments for:				
Addition/(Reversal) of expected credit losses on receivables	18,598,601	(97,401)	-	-
Depreciation of property, plant and equipment	13,048,051	11,727,127	-	-
Depreciation of right-of-use assets	65,504	-	-	-
Dividend income	-	-	(30,649,163)	(4,008,950)
Gain on disposal of property, plant and equipment	(50,500)	(25,042)	-	-
Interest expense	2,413,999	3,023,835	-	-
Interest income	(3,760,717)	(3,579,538)	(730,894)	(667,523)
Inventories written down	520,933	127,070	-	-
Other investment written off	-	169,558	-	-
Property, plant and equipment written off	184,955	2,201	-	-
Unrealised loss on foreign exchange	401,358	850,973	-	-
Operating profit/(loss) before working capital changes	38,722,475	81,021,731	(187,541)	(67,379)
Decrease/(Increase) in inventories	7,024,467	(28,196,188)	-	-
Decrease in receivables	4,816,448	11,234,242	-	-
Decrease in payables	(1,715,279)	(11,111,306)	(50,666)	(47,545)
(Decrease)/Increase in contract liabilities	(54,218)	1,588,843	-	-
Cash generated from/(used in) operations	48,793,893	54,537,322	(238,207)	(114,924)
Interest paid	(2,413,999)	(3,023,835)	-	-
Income tax paid	(9,705,129)	(13,591,408)	(22,265)	(18,292)
Income tax refunded	-	115,516	-	-
Net cash from/(used in) operating activities	36,674,765	38,037,595	(260,472)	(133,216)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	3,760,717	3,579,538	730,894	667,523
Net dividend received from subsidiaries	-	-	30,649,163	4,008,950
Proceeds from disposal of property, plant and equipment	50,500	25,042	-	-
Purchase of property, plant and equipment	(18,806,291)	(26,366,401)	-	-
Repayment from a subsidiary	-	-	(206,590)	12,346,282
Net cash (used in)/from investing activities	(14,995,074)	(22,761,821)	31,173,467	17,022,755
Balance carried forward	21,679,691	15,275,774	30,912,995	16,889,539

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)



	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Balance brought forward	21,679,691	15,275,774	30,912,995	16,889,539
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(14,192,664)	(25,260,604)	(14,192,664)	(25,260,604)
Payment of principal portion of lease liabilities	(57,508)	-	-	-
Purchase of treasury shares	(5,137,432)	(739,654)	(5,137,432)	(739,654)
(Repayment)/Drawdown of bankers acceptance	(25,685,840)	33,265,599	-	-
Drawdown/(Repayment) of short term loan	7,069,908	(2,419,784)	-	-
Repayment of onshore foreign currency loans	(475,653)	(13,285,662)	-	-
Net cash used in financing activities	(38,479,189)	(8,440,105)	(19,330,096)	(26,000,258)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,799,498)	6,835,669	11,582,899	(9,110,719)
Effects of changes in exchange rates on cash and cash equivalents	2,904,626	459,517	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING	124,216,604	116,921,418	14,380,757	23,491,476
CASH AND CASH EQUIVALENTS AT END	110,321,732	124,216,604	25,963,656	14,380,757
Represented by:				
Cash and bank balances	30,935,143	47,025,593	4,188	35,305
Fixed deposits with a licensed bank	2,362,500	2,288,218	-	-
Repo with licensed banks	36,707,542	45,230,948	691,292	233,302
Short term funds with licensed financial institutions	40,316,547	29,671,845	25,268,176	14,112,150
	110,321,732	124,216,604	25,963,656	14,380,757

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

General

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 51-21-A, Menara BHL, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang, Malaysia.

The principal place of business of the Company is located at No. 1586, MK11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 2 October 2020.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are investment holding, manufacturing and trading of fastening and wire products.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

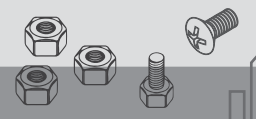
The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies under Note 3.

2.3 Functional and Presentation Currency

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

2.4 Fair Value Measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.



2. BASIS OF PREPARATION (CONT'D)

2.4 Fair Value Measurement (cont'd)

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

2.5 Adoption of New Standards/Amendments/Improvements to MFRS

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following standards that are mandatory for the current financial year:

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Amendments to MFRS 9 Financial Instrument: Prepayment Features with Negative Compensation

Amendments to MFRS 119 Employee Benefits: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures

IC Interpretation 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

Initial application of the above standards did not have material impact to the financial statements except as follow:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Group is the lessor.

Lease payment previously recognised as rental expenses is being replaced with depreciation of right-of-use assets and accretion of interest in profit or loss.



2. BASIS OF PREPARATION (CONT'D)

2.6 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group and by the Company:

Effective for annual periods beginning on or after 1 January 2020

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Business Combinations: Definition of a Business

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

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

Effective for annual periods beginning on or after 1 June 2020

Amendment to MFRS 16 Leases: Covid-19 – Related Rent Concessions

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework

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

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current

Effective date yet to be confirmed

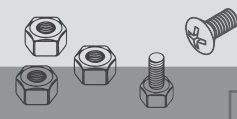
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group and of the Company upon adoption.

2.7 Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



2. BASIS OF PREPARATION (CONT'D)

2.7 Use of Estimates and Judgements (cont'd)

There are no significant areas of estimation uncertainty and critical judgement in applying accounting policies that have significant effect on the amount recognised in the financial statements other than the following:

(i) Impairment of plant and machinery

The Group performs an impairment review as and when there are impairment indicators to ensure that the carrying value of the plant and machinery do not exceed their recoverable amount. The recoverable amount represents the present value of the estimated future cash flows expected to arise from operations. Therefore, in arriving at the recoverable amount, management exercise judgement in estimating the future cash flows, growth rate and discount rate.

(ii) Allowance for expected credit losses ("ECL") of receivables

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3. ACCOUNTING POLICIES

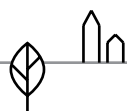
The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.



3. ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Investment in subsidiaries is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Upon disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(ii) Business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquire, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree either at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

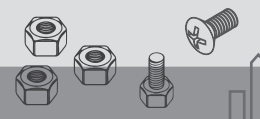
(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.



3. ACCOUNTING POLICIES (CONT'D)

3.1 Basis of Consolidation (cont'd)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and for its intended use.

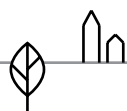
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Leasehold land	Amortise over lease period of 45 years
Buildings	2% - 20%
Plant and machinery	6% - 20%
Tools and implements	6% - 20%
Office equipment	12.50% - 20%
Furniture and fittings	10% - 20%
Electrical installation	10% - 20%
Motor vehicles	10% - 20%

Freehold land is not amortised as it has an infinite life.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.



3. ACCOUNTING POLICIES (CONT'D)

3.2 Property, Plant and Equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.3 Investment Properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of material and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not amortised as it has an infinite life. Buildings are depreciated on the straight-line method to write off the cost to their residual values over their estimated useful lives at 2% per annum.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

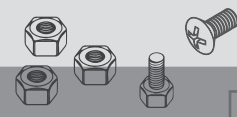
3.4 Leases

Current financial year

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

3.4.1 Group 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. At the commencement of a lease, the Group recognises a right-of-use asset and a lease liability.



3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 Group as lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets are 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. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are also subject to impairment as described in Note 3.5 hereof.

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.

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.

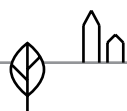
Short term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (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 of office equipment 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.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

3.4.2 Group as lessor

The Group lets out its premises and signboard to third parties under operating lease for rental income. The Group recognises lease payments from lessee as income on a straight-line basis over the period of the lease.



3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

Previous financial year

3.4.3 Group as lessee

In the previous financial year, only finance lease was capitalised by recognising the underlying asset under property, plant and equipment and a corresponding lease liability. The underlying asset was depreciated on the straight-line method over its estimated useful life and interest on the lease payments was charged to profit or loss.

Payments made on operating lease were recognised as an expense in the profit or loss on a straight-line basis over the lease term.

3.4.4 Group as lessor

The Group lets out its premises and signboard to third parties under operating lease for rental income. The Group recognises lease payments from lessee as income on a straight-line basis over the period of the lease.

3.5 Impairment of Non-Financial Assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU").

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows 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 or CGU.

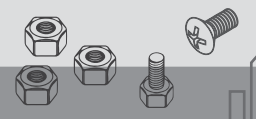
An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.6 Financial Instruments

3.6.1 Recognition

Financial assets or financial liabilities are recognised when the Group or the Company becomes a party to the contractual provisions of the instrument.



3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.2 Classification and measurement of financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Financial assets, other than those designated as hedging instruments, are classified into the following categories:

- amortised cost ("AC");
- fair value through profit or loss ("FVTPL"); and
- fair value through other comprehensive income ("FVOCI").

The Group and the Company do not have any financial assets at FVTPL and FVOCI as at the end of the reporting period.

Financial assets at amortised cost ("AC")

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

3.6.3 Financial assets - Impairment

Impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss ("ECL") model'. Instruments within the scope of the new requirements include loans, trade and other receivables and other debt-type financial assets measured at amortised cost and financial assets at FVOCI.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Stage 1 - financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk; and
- Stage 2 - financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low.



3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.3 Financial assets - Impairment (cont'd)

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the Stage 1 category while 'lifetime ECL' are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The ECL model for trade receivables is described in Note 32.3.1.

3.6.4 Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

3.6.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

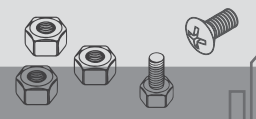
3.6.6 Derecognition

A financial asset or part of it is derecognised, when and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.6.7 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.



3. ACCOUNTING POLICIES (CONT'D)

3.6 Financial Instruments (cont'd)

3.6.7 Financial guarantee contracts (cont'd)

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost of raw materials, indirect materials and trading goods is determined on a weighted average basis and comprises the original cost of purchases plus the cost of bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress includes raw materials, direct labour and a proportion of manufacturing overheads and is determined on the weighted average basis.

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

3.8 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, against which bank overdraft balances, if any, are deducted.

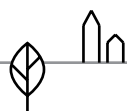
3.9 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred or rendered to the customer respectively at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.



3. ACCOUNTING POLICIES (CONT'D)

3.10 Revenue Recognition (cont'd)

Revenue of the Group and of the Company is measured on the following performance obligations:

Manufacture and sale of fastening and wire products

Revenue from the manufacturing and sale of fastening and wire products is recognised at a point in time when control of the goods have been passed to the buyer, i.e. generally when the customer has acknowledged delivery of the goods.

Interest income

Interest income is recognised on a time proportion basis using the applicable effective interest rate.

Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Dividend income

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

Variable consideration

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products sold during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Contract balances

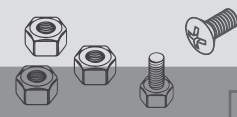
This refers to the closing balances of trade receivables and contract assets and liabilities as at the reporting date.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets and contract liabilities

Contract assets represent the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets are subject to impairment in accordance to MFRS 9, Financial Instruments. The contract assets of the Group comprise of amounts due from customers on contracts.



3. ACCOUNTING POLICIES (CONT'D)

3.10 Revenue Recognition (cont'd)

Contract assets and contract liabilities (cont'd)

Contract liabilities represent the Group's obligation to transfer goods or services to a customer for which the Group has received consideration, or the amount is due, from the customer. The contract liabilities of the Group comprise of amounts due to customers on contracts.

3.11 Employee Benefits

Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

According to the Collective Agreement entered into by a subsidiary of the Group with the Metal Industry Employees Union, all Malaysian employees of the said subsidiary who have completed more than five (5) years of continuous service will be entitled to an additional contribution of 2% on top of the employer's statutory contribution of 12% or 13% to the EPF.

3.12 Borrowing Costs

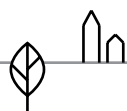
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare 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.

Other borrowing costs are expensed as expenses in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.



3. ACCOUNTING POLICIES (CONT'D)

3.13 Income Tax (cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

3.14 Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

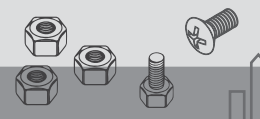
Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities 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 or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.



3. ACCOUNTING POLICIES (CONT'D)

3.14 Foreign Currency (cont'd)

Exchange differences are recognised in other comprehensive income and accumulated in the foreign translation reserve ("FTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.15 Share Capital, Share Issuance Costs and Dividends

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared and approved.

3.16 Treasury Shares

When shares of the Company, that have not been cancelled, recognised as equity are repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

3.17 Earnings per Ordinary Shares

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3. ACCOUNTING POLICIES (CONT'D)

3.17 Earnings per Ordinary Shares (cont'd)

Diluted EPS is determined by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.18 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.19 Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.20 Related Parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

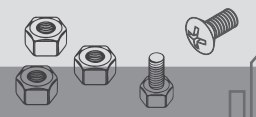
(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	At cost					
	Balance at beginning RM	Additions RM	Disposals RM	Written off RM	Reclassification RM	Foreign currency translation RM
						Balance at end RM
2020						
Freehold land	434,396	-	-	-	-	434,396
Leasehold land	31,812,189	-	-	-	-	32,303,254
Buildings	115,169,291	356,742	-	-	5,269,682	122,551,867
Plant and machinery	261,699,395	10,267,437	-	(2,184,359)	7,750,728	282,086,809
Tools and implements	22,408,742	68,233	-	(2,900)	178,250	23,097,325
Office equipment	10,301,796	189,270	-	(3,356,794)	2,830,071	10,060,386
Furniture and fittings	523,252	-	-	-	-	523,252
Electrical installation	2,608,627	95,000	-	-	301,080	3,004,707
Motor vehicles	4,422,351	43,603	(66,860)	(68,125)	-	4,382,167
Capital work-in-progress	14,002,583	7,786,006	-	-	(16,329,811)	5,562,477
	463,382,622	18,806,291	(66,860)	(5,612,178)	-	484,006,640

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

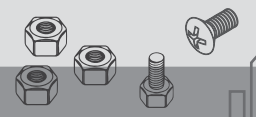
GROUP (CONT'D)

	Accumulated depreciation						
	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Reclassification RM	Foreign currency translation RM	Balance at end RM
Freehold land	-	-	-	-	-	-	-
Leasehold land	10,064,216	657,730	-	-	-	151,768	10,873,714
Buildings	48,633,087	2,967,791	-	-	-	618,602	52,219,480
Plant and machinery	215,645,538	7,285,497	-	(2,184,313)	-	3,857,364	224,604,086
Tools and implement	20,387,710	603,127	-	(2,900)	-	413,217	21,401,154
Office equipment	8,238,277	1,041,868	-	(3,171,885)	-	71,775	6,180,035
Furniture and fittings	521,089	1,179	-	-	-	-	522,268
Electrical installation	2,550,125	13,125	-	-	-	-	2,563,250
Motor vehicles	3,060,842	410,431	(66,860)	(68,125)	-	28,519	3,364,807
Capital work-in-progress	-	-	-	-	-	-	-
	309,100,884	12,980,748	(66,860)	(5,427,223)	-	5,141,245	321,728,794
Freehold land							Carrying amount RM
Leasehold land							434,396
Buildings							21,429,540
Plant and machinery							70,332,387
Tools and implement							57,482,723
Office equipment							1,696,171
Furniture and fittings							3,880,351
Electrical installation							984
Motor vehicles							441,457
Capital work-in-progress							1,017,360
							5,562,477
							162,277,846



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP (CONT'D)

	At cost						Balance at end
	Balance at beginning	Additions	Disposals	Written off	Reclassification	Foreign currency translation	Balance at end
	RM	RM	RM	RM	RM	RM	RM
2019							
Freehold land	434,396	-	-	-	-	-	434,396
Leasehold land	31,673,762	-	-	-	-	138,427	31,812,189
Buildings	114,033,945	426,260	-	-	213,840	495,246	115,169,291
Plant and machinery	240,549,036	21,158,410	(1,191,291)	(17,901)	-	1,201,141	261,699,395
Tools and implements	22,112,078	178,914	-	(6,950)	-	124,700	22,408,742
Office equipment	10,032,099	246,383	(1,700)	(2,060)	-	27,074	10,301,796
Furniture and fittings	523,252	-	-	-	-	-	523,252
Electrical installation	2,548,627	60,000	-	-	-	-	2,608,627
Motor vehicles	3,953,519	584,911	(128,705)	-	-	12,626	4,422,351
Capital work-in-progress	10,504,900	3,711,523	-	-	(213,840)	-	14,002,583
	436,365,614	26,366,401	(1,321,696)	(26,911)	-	1,999,214	463,382,622

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

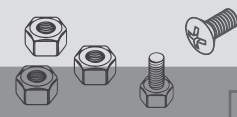
GROUP (CONT'D)

	Balance at beginning RM	Current charge RM	Disposals RM	Written off RM	Reclassification RM	Foreign currency translation RM	Balance at end RM
Freehold land	-	-	-	-	-	-	-
Leasehold land	9,373,653	651,623	-	-	-	38,940	10,064,216
Buildings	45,646,839	2,827,264	-	-	-	158,984	48,633,087
Plant and machinery	209,992,938	5,813,843	(1,191,291)	(17,901)	-	1,047,949	215,645,538
Tools and implements	19,620,424	658,573	-	(4,749)	-	113,462	20,387,710
Office equipment	6,936,158	1,288,396	(1,700)	(2,060)	-	17,483	8,238,277
Furniture and fittings	514,412	6,677	-	-	-	-	521,089
Electrical installation	2,548,625	1,500	-	-	-	-	2,550,125
Motor vehicles	2,771,319	411,948	(128,705)	-	-	6,280	3,060,842
Capital work-in-progress	-	-	-	-	-	-	-
	297,404,368	11,659,824	(1,321,696)	(24,710)	-	1,383,098	309,100,884
Freehold land							Carrying amount RM
Leasehold land							434,396
Buildings							21,747,973
Plant and machinery							66,536,204
Tools and implements							46,053,857
Office equipment							2,021,032
Furniture and fittings							2,063,519
Electrical installation							2,163
Motor vehicles							58,502
Capital work-in-progress							1,361,509
							14,002,583
							154,281,738



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



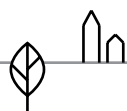
4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

COMPANY

	Office equipment	
	2020	2019
	RM	RM
At cost	1,600	1,600
Accumulated depreciation	1,599	1,599
Carrying amount	1	1

5. INVESTMENT PROPERTIES

	Freehold land RM	Buildings RM	Total RM
GROUP			
2020			
At cost	2,656,055	3,365,111	6,021,166
Accumulated depreciation			
Balance at beginning	-	1,230,691	1,230,691
Current charge	-	67,303	67,303
Balance at end	-	1,297,994	1,297,994
Carrying amount	2,656,055	2,067,117	4,723,172
2019			
At cost	2,656,055	3,365,111	6,021,166
Accumulated depreciation			
Balance at beginning	-	1,163,388	1,163,388
Current charge	-	67,303	67,303
Balance at end	-	1,230,691	1,230,691
Carrying amount	2,656,055	2,134,420	4,790,475



5. INVESTMENT PROPERTIES (CONT'D)

- (i) The investment properties are held to earn rental income.
- (ii) The following are recognised in profit or loss in respect of the investment properties:

	GROUP	
	2020	2019
	RM	RM
Rental income from rental generating properties	382,800	376,500
Direct operating expenses arising from rental generating properties, including depreciation	<u>131,487</u>	<u>114,660</u>

- (iii) For fair value measurement of the freehold land and buildings, refer to Note 33 to the financial statements.

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has leased forklifts for its operations. The lease contracts are for lease terms of 3 years. The lease contracts restrict the Group from assigning and subleasing the leased assets.

The Group has short term leases of 12 months and below for office equipment and such lease payments are charged to profit or loss as lease rentals.

2020

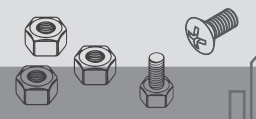
Set out below are the carrying amount of right-of-use assets and lease liabilities and their movements during the financial year:

	RM
<i>Right-of-use assets</i>	
Additions	1,048,061
Depreciation	<u>(65,504)</u>
Balance at end	<u>982,557</u>
<i>Lease liabilities</i>	
Additions	1,048,061
Accretion of interest	17,492
Payments	<u>(75,000)</u>
Balance at end	<u>990,553</u>
Represented by:	
Non-current liabilities	750,522
Current liabilities	<u>240,031</u>
	<u>990,553</u>



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

2020 (cont'd)

The following are the amount recognised in profit or loss:

	RM
Depreciation of right-of-use assets	65,504
Interest expense on lease liabilities	17,492
Total amount recognised in profit or loss	<u>82,996</u>

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2020	2019
	RM	RM
Unquoted shares, at cost	221,551,296	221,551,296
Redeemable non-cumulative preference shares	<u>41,500,000</u>	<u>41,500,000</u>
	<u>263,051,296</u>	<u>263,051,296</u>

The details of the subsidiaries, all of which were incorporated in Malaysia, except where indicated are as follows:

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2020 %	2019 %	
Chin Well Fasteners Co. Sdn. Bhd.	100	100	Manufacturing of screw, nuts, bolts and other fastening products.
Chin Well Service Centre Sdn. Bhd.	100	100	Trading in screws, nuts, bolts, steel bar and other fastening products.
Chin Herr Industries (M) Sdn. Bhd.	100	100	Manufacturing of precision galvanised wire, annealing wire, bright wire, hard drawn wire, PVC wire, bent round bar and grill mesh.
* Chin Well Fasteners (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	100	Manufacturing of screws, nuts, bolts and other fastening products.
# Asia Angel Holdings Limited (Incorporated in British Virgin Island)	100	100	Investment holding.

* Not audited by Grant Thornton.

Not required to be audited in the country of incorporation. The directors have consolidated the results of this subsidiary based on its management accounts which have been audited by Grant Thornton for consolidation purpose.

8. INVENTORIES

	GROUP	
	2020	2019
	RM	RM
Raw materials	76,828,345	79,253,251
Work-in-progress	32,955,503	33,269,618
Finished goods	112,944,909	108,093,366
Trading goods	380,295	353,589
Indirect materials	36,568,030	28,682,656
Goods-in-transit	2,965,438	16,646,909
	262,642,520	266,299,389
Recognised in profit or loss:		
Inventories recognised as cost of sales	486,103,804	582,640,713
Inventories written down	520,933	127,070

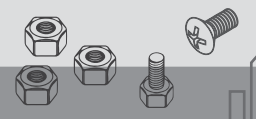
9. TRADE RECEIVABLES

	GROUP	
	2020	2019
	RM	RM
Total amount	122,572,504	134,746,411
Less: Allowance for expected credit losses		
Balance at beginning	(744,428)	(841,829)
Current year	(19,198,723)	(391,634)
Reversal	600,122	489,035
Balance at end	(19,343,029)	(744,428)
	103,229,475*	134,001,983



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



9. TRADE RECEIVABLES (CONT'D)

The currency profile of trade receivables is as follows:

	GROUP	
	2020 RM	2019 RM
Ringgit Malaysia	47,190,789	67,571,914
US Dollar	52,709,673	61,223,542
Euro	2,985,913	4,861,661
Vietnam Dong	296,860	321,340
Singapore Dollar	46,240	23,526
	103,229,475	134,001,983

The trade receivables are non-interest bearing and are generally on **30 to 120 days** (2019: 30 to 120 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

* Included herein is a net amount of RM30,929,888 owing by a customer after an allowance made for expected credit losses amounting to RM16,753,357. The balance is secured by a personal guarantee and the value of shares held in two private companies which the Group seeks to secure.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	1,295,451	419,993	-	-
Refundable deposits	248,845	253,292	4,500	4,500
Non-refundable deposits	30,347	28,247	-	-
Prepayments	782,804	2,382,578	-	-
Down payment for purchase of raw materials	15,955,639	7,811,375	-	-
VAT/GST receivables	4,828,398	4,180,710	-	-
	23,141,484	15,076,195	4,500	4,500

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	12,124,608	4,932,245	4,500	4,500
Vietnam Dong	11,016,876	10,143,950	-	-
	23,141,484	15,076,195	4,500	4,500

11. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is unsecured, non-trade related, non-interest bearing and is repayable on demand.

12. CASH AND CASH EQUIVALENTS

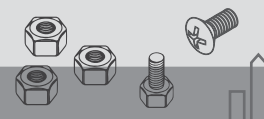
	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	30,935,143	47,025,593	4,188	35,305
Fixed deposits with a licensed bank	2,362,500	2,288,218	-	-
Repo with licensed banks	36,707,542	45,230,948	691,292	233,302
Short term funds with licensed financial institutions	40,316,547	29,671,845	25,268,176	14,112,150
	110,321,732	124,216,604	25,963,656	14,380,757

Short term funds with licensed financial institutions are investment in unit trusts that invest in a mixture of money market instruments with different maturity profile. The unit trusts can be redeemed at any point in time upon request.

The currency profile of cash and cash equivalents is as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia	56,795,557	56,443,548	25,962,175	14,351,190
Vietnam Dong	30,653,280	30,994,773	-	-
US Dollar	20,795,860	35,734,608	1,481	29,567
Euro	1,909,691	935,673	-	-
Singapore Dollar	167,344	108,002	-	-
	110,321,732	124,216,604	25,963,656	14,380,757

The Group's fixed deposit is being placed with an Islamic licensed bank which earns a profit ratio of 70 : 30 (Company: Banker).

**12. CASH AND CASH EQUIVALENTS (CONT'D)**

The effective interest rates per annum of repo and short term funds at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	%	%	%	%
Repo	0.31 to 7.00	0.31 to 7.00	2.07	2.00
Short term funds	2.07 to 3.67	2.35 to 3.67	2.35	2.35

13. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2020	2019	2020	2019
			RM	RM
Issued and fully paid shares with no par value	<u>299,533,168</u>	<u>299,533,168</u>	<u>177,929,384</u>	<u>177,929,384</u>

14. TREASURY SHARES

The Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the annual general meeting held on 27 November 2019.

The movements of the treasury shares during the financial year are as follows:

	Number of shares		Amount	
	2020	2019	2020	2019
			RM	RM
Balance at beginning	5,885,300	5,406,100	10,163,635	9,423,981
Shares repurchased	<u>4,270,100</u>	<u>479,200</u>	<u>5,137,432</u>	<u>739,654</u>
Balance at end	<u>10,155,400</u>	<u>5,885,300</u>	<u>15,301,067</u>	<u>10,163,635</u>

During the financial year, the Company purchased **4,270,100** (2019: 479,200) of its issued share capital from the open market at an average price of **RM1.20** (2019: RM1.54) per share. The shares repurchased were financed by internally generated funds.

Of the total **299,533,168** issued ordinary shares as at 30 June 2020, **10,155,400** (2019: 5,885,300) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue is therefore **289,377,768** (2019: 293,647,868) ordinary shares.

15. **FOREIGN TRANSLATION RESERVE****GROUP**

This is in respect of foreign exchange differences on translation of the financial statements of the Group's foreign subsidiaries.

16. **RETAINED PROFITS****COMPANY**

The franking of dividends of the Company is under the single tier system and therefore there is no restriction on the Company to distribute dividends subject to the availability of retained profits.

17. **DEFERRED TAX LIABILITIES**

	GROUP	
	2020	2019
	RM	RM
Balance at beginning	8,396,145	7,904,785
Transfer from profit or loss	1,076,580	499,360
	9,472,725	8,404,145
Over provision in prior year	(145,000)	(8,000)
Balance at end	9,327,725	8,396,145

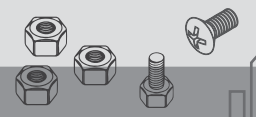
The deferred tax liabilities are represented by taxable/(deductible) temporary differences arising from:

	GROUP	
	2020	2019
	RM	RM
- Property, plant and equipment	10,015,725	8,574,145
- Other provisions	(688,000)	(178,000)
	9,327,725	8,396,145



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



18. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2020 RM	2019 RM
Ringgit Malaysia	3,643,050	4,507,288
Vietnam Dong	12,342,124	9,889,354
US Dollar	3,695,601	4,855,350
	19,680,775	19,251,992

The trade payables are non-interest bearing and are normally settled within **30 to 90 days** (2019: 30 to 90 days) credit terms.

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	2,105,544	1,831,359	1,894	7,560
Accruals	5,691,320	6,542,425	294,000	339,000
Refund liabilities	69,130	56,477	-	-
	7,865,994	8,430,261	295,894	346,560

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	5,365,788	5,945,789	295,894	346,560
Vietnam Dong	2,354,939	2,109,011	-	-
US Dollar	75,089	288,590	-	-
Euro	70,178	86,871	-	-
	7,865,994	8,430,261	295,894	346,560

20. CONTRACT LIABILITIES

	GROUP	
	2020 RM	2019 RM
Balance at beginning	1,593,119	5,393,820
Decrease on recognition of revenue	(1,593,119)	(5,393,820)
Increase on receiving deposits for sales orders	1,573,526	1,593,119
Balance at end	<u>1,573,526</u>	<u>1,593,119</u>

Contract liabilities comprised of deposits received from customers for sales orders.

The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits received are expected to be settled within one year.

The currency profile of contract liabilities is as follows:

	GROUP	
	2020 RM	2019 RM
Ringgit Malaysia	57,953	-
US Dollar	1,515,573	1,593,119
	<u>1,573,526</u>	<u>1,593,119</u>

21. BORROWINGS

	GROUP	
	2020 RM	2019 RM
Bankers acceptance	30,245,000	55,930,840
Onshore foreign currency loans	32,788,912	33,232,678
Short term loans	7,310,287	-
	<u>70,344,199</u>	<u>89,163,518</u>

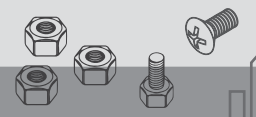
The currency profile of borrowings is as follows:

	GROUP	
	2020 RM	2019 RM
Ringgit Malaysia	30,245,000	55,930,840
US Dollar	39,407,757	33,232,678
Vietnam Dong	691,442	-
	<u>70,344,199</u>	<u>89,163,518</u>



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



21. BORROWINGS (CONT'D)

The borrowings are secured by way of:

- (i) Corporate guarantees of the Company, and
- (ii) Negative pledge of the assets of certain subsidiaries.

The average effective interest rates per annum of the borrowings are as follows:

	2020 %	2019 %
Bankers acceptance	2.95 to 3.20	3.52 to 3.98
Onshore foreign currency loans	0.53 to 0.94	2.63 to 2.74
Short term loans	1.45 to 2.00	-

22. REVENUE

Disaggregation revenue information

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Sales of goods recognised at a point in time upon delivery of goods to the customers	534,907,641	680,729,232	-	-
Dividend income received from subsidiaries	-	-	30,649,163	4,008,950
	534,907,641	680,729,232	30,649,163	4,008,950
Geographical markets				
Malaysia	251,646,571	259,919,798	-	-
Vietnam	3,330,692	5,976,406	21,979,163	-
Other Asian countries	55,984,404	91,932,756	-	-
European countries	96,206,843	211,243,122	8,670,000	4,008,950
North America	120,786,002	73,394,732	-	-
Others	6,953,129	38,262,418	-	-
Total revenue from contracts with customers	534,907,641	680,729,232	30,649,163	4,008,950

23. OTHER INCOME

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Gain on disposal of property, plant and equipment	50,500	25,042	-	-
Interest income	3,760,717	3,579,538	730,894	667,523
Realised gain on foreign exchange	2,855,699	4,774,782	224,139	444,779
Rental income	429,300	416,100	-	-
Unrealised gain on foreign exchange	-	12,935	-	-
Others	8,674	16,056	-	-
	7,104,890	8,824,453	955,033	1,112,302

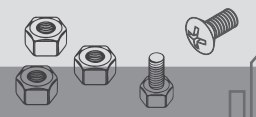
24. FINANCE COSTS

	GROUP	
	2020	2019
	RM	RM
Interest expense of financial liabilities at amortised cost:		
- Bank overdrafts	40,007	46,460
- Bankers acceptance	1,531,900	1,881,559
- LC charges	13,560	16,974
- Lease liabilities	17,492	-
- Onshore foreign currency loans	569,716	914,830
- Short term loans	241,324	164,012
	2,413,999	3,023,835



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



25. PROFIT BEFORE TAXATION

This is arrived at:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
After charging:				
Addition/(Reversal) of expected credit losses on receivables	18,598,601	(97,401)	-	-
Audit fee				
- Company's auditors				
- statutory audit				
- current year	82,000	85,000	22,000	22,000
- under/(over) provision in prior year	5,000	(9,000)	1,000	(8,000)
- other services	2,000	2,000	2,000	2,000
- Other auditors				
- statutory audit	41,991	29,008	-	-
Depreciation of:				
- property, plant and equipment	12,980,748	11,659,824	-	-
- investment properties	67,303	67,303	-	-
- right-of-use assets	65,504	-	-	-
Directors' remuneration for non-executive directors				
- fees	180,000	180,000	180,000	180,000
- emoluments	3,200	3,400	3,200	3,400
Inventories written down	520,933	127,070	-	-
Other investment written off	-	169,558	-	-
Property, plant and equipment written off	184,955	2,201	-	-
Realised loss on foreign exchange	458,205	-	-	-
Rental of forklift	218,300	300,000	-	-
* Staff costs	48,525,864	51,058,769	92,000	92,600
Unrealised loss on foreign exchange	401,358	863,908	-	-
* Staff costs				
- Salaries, allowance, bonus, wages and incentive	46,893,712	49,398,123	2,000	2,600
- EPF	1,338,410	1,418,249	-	-
- SOCSO and EIS	203,742	152,397	-	-
- Directors' fee	90,000	90,000	90,000	90,000
	48,525,864	51,058,769	92,000	92,600

25. PROFIT BEFORE TAXATION (CONT'D)

Directors' remuneration

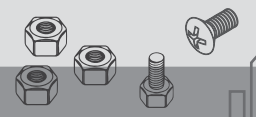
Included in the staff costs of the Group and of the Company are directors' remuneration as shown below:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive directors of the Company:				
Directors' emoluments				
- Salaries, allowance and bonus	3,215,412	3,242,361	2,000	2,600
- EPF	153,690	231,204	-	-
	3,369,102	3,473,565	2,000	2,600
Directors' fee	90,000	90,000	90,000	90,000
	3,459,102	3,563,565	92,000	92,600
Benefits-in-kind	15,500	17,125	-	-
	3,474,602	3,580,690	92,000	92,600
Executive directors of subsidiaries:				
Directors' emoluments				
- Salaries, allowance and bonus	1,826,362	1,606,692	-	-
- EPF	105,919	81,642	-	-
	1,932,281	1,688,334	-	-
Benefits-in-kind	6,500	4,875	-	-
	1,938,781	1,693,209	-	-
Total executive directors' remuneration	5,413,383	5,273,899	92,000	92,600



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



26. TAXATION

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	(1,235,000)	(6,629,000)	(6,000)	(18,000)
- Foreign tax	(3,168,910)	(4,290,995)	-	-
	(4,403,910)	(10,919,995)	(6,000)	(18,000)
Deferred tax:				
Relating to origination and reversal of temporary differences				
- Malaysian	(952,001)	(606,000)	-	-
- Foreign	(124,579)	106,640	-	-
	(1,076,580)	(499,360)	-	-
	(5,480,490)	(11,419,355)	(6,000)	(18,000)
Over/(Under) provision in prior year				
- Current tax	452,406	166,447	(214)	(314)
- Deferred tax	145,000	8,000	-	-
	597,406	174,447	(214)	(314)
	(4,883,084)	(11,244,908)	(6,214)	(18,314)

The reconciliation of the tax expense of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	7,300,291	68,822,948	31,192,516	4,609,094
Income tax at Malaysian statutory tax rate of 24%	(1,752,069)	(16,517,508)	(7,486,204)	(1,106,183)
Effects of different tax rate in other country	618,097	5,702,653	-	-
Income not subject to tax	258,270	256,907	7,480,564	1,088,615
Expenses not deductible for tax purposes	(4,604,788)	(861,407)	(360)	(432)
	(5,480,490)	(11,419,355)	(6,000)	(18,000)
Over/(Under) provision in prior year	597,406	174,447	(214)	(314)
	(4,883,084)	(11,244,908)	(6,214)	(18,314)

27. EARNINGS PER SHARE

GROUP

(a) Basic earnings per share

The basic earnings per share of the Group is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as below:

	2020	2019
Profit attributable to owners of the Company (RM)	<u>2,417,207</u>	<u>57,578,040</u>
Weighted average number of ordinary shares	<u>293,084,290</u>	<u>293,742,450</u>
Basic earnings per share (sen)	<u>0.82</u>	<u>19.60</u>

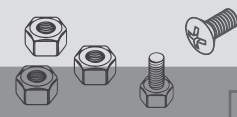
(b) Diluted earnings per share

	2020	2019
Diluted earnings per share (sen)	<u>0.82</u>	<u>19.60</u>

The basic earnings and diluted earnings per share are the same as the Company does not have any convertible financial instruments as at the end of the reporting period.

28. DIVIDENDS

	2020 RM	2019 RM
In respect of financial year ended 30 June 2020:		
- An interim single tier dividend of 1.50 sen per share	4,357,504	-
In respect of financial year ended 30 June 2019:		
- An interim single tier dividend of 4.50 sen per share	-	13,214,199
- Second interim single tier dividend of 3.35 sen per share	9,835,160	-
In respect of financial year ended 30 June 2018:		
- Second interim single tier dividend of 4.10 sen per share	-	12,046,405
	<u>14,192,664</u>	<u>25,260,604</u>



29. SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments.

The business segments are based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business Segments

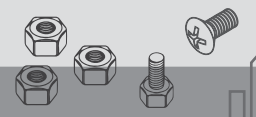
The Group comprises the following main business segments:

- (1) Fastening products : Manufacturing and trading of screws, nuts, bolts, steel bar and other fastening products.
- (2) Wire products : Manufacturing of precision galvanized wire, annealing wire, bright wire, hard drawn wire, PVC wire, bent round bar and grill mesh.
- (3) Investment holding : Investment holding.

29. SEGMENTAL INFORMATION (CONT'D)

By business segment

	Fastening products RM	Wire products RM	Investment holding RM	Adjustments and elimination RM	Note	Total RM
2020						
Revenue:						
External customers	436,337,738	98,569,903	-	-		534,907,641
Inter-segment	-	-	45,632,663	(45,632,663)	A	-
Total revenue	<u>436,337,738</u>	<u>98,569,903</u>	<u>45,632,663</u>	<u>(45,632,663)</u>		<u>534,907,641</u>
Results:						
Interest income	2,907,203	122,620	730,894	-		3,760,717
Interest expense	(1,843,100)	(570,899)	-	-		(2,413,999)
Depreciation	(9,271,259)	(3,842,296)	-	-		(13,113,555)
Other non-cash (expenses)/income	(19,827,628)	172,281	-	-	B	(19,655,347)
Segment profit	<u>5,693,999</u>	<u>1,073,987</u>	<u>46,164,968</u>	<u>(45,632,663)</u>		<u>7,300,291</u>
Assets:						
Additions to non- current assets	18,364,885	1,489,467	-	-	C	19,854,352
Segment assets	<u>553,581,713</u>	<u>100,151,612</u>	<u>346,168,959</u>	<u>(321,357,322)</u>		<u>678,544,962</u>
Liabilities:						
Segment liabilities	<u>158,836,127</u>	<u>16,229,889</u>	<u>539,200</u>	<u>(65,822,444)</u>		<u>109,782,772</u>
2019						
Revenue:						
External customers	515,495,260	165,233,972	-	-		680,729,232
Inter-segment	-	-	20,500,733	(20,500,733)	A	-
Total revenue	<u>515,495,260</u>	<u>165,233,972</u>	<u>20,500,733</u>	<u>(20,500,733)</u>		<u>680,729,232</u>
Results:						
Interest income	2,773,331	138,684	667,523	-		3,579,538
Interest expense	(1,754,978)	(1,268,857)	-	-		(3,023,835)
Depreciation	(8,630,082)	(3,097,045)	-	-		(11,727,127)
Other non- cash expenses	(63,519)	(963,840)	-	-	B	(1,027,359)
Segment profit	<u>65,890,269</u>	<u>2,542,934</u>	<u>20,890,478</u>	<u>(20,500,733)</u>		<u>68,822,948</u>
Assets:						
Additions to non- current assets	15,884,529	10,481,872	-	-	C	26,366,401
Segment assets	<u>579,068,120</u>	<u>122,899,370</u>	<u>327,749,099</u>	<u>(325,512,901)</u>		<u>704,203,688</u>
Liabilities:						
Segment liabilities	<u>98,361,564</u>	<u>39,838,478</u>	<u>384,794</u>	<u>(11,749,801)</u>		<u>126,835,035</u>



29. SEGMENTAL INFORMATION (CONT'D)

Notes to segment information:

- A Inter-segment revenues are eliminated on consolidation.
- B Other non-cash (expenses)/income consist of the following items:

	2020 RM	2019 RM
(Addition)/Reversal of expected credit losses on receivables	(18,598,601)	97,401
Gain on disposal of property, plant and equipment	50,500	25,042
Inventories written down	(520,933)	(127,070)
Other investment written off	-	(169,558)
Property, plant and equipment written off	(184,955)	(2,201)
Unrealised loss on foreign exchange	(401,358)	(850,973)
	<u>(19,655,347)</u>	<u>(1,027,359)</u>

- C Additions to non-current assets consist of:

	2020 RM	2019 RM
Property, plant and equipment	18,806,291	26,366,401
Right-of-use assets	1,048,061	-
	<u>19,854,352</u>	<u>26,366,401</u>

Information of major customers

Total revenue from 2 major customers which contributed to more than 10% of the Group revenue amounted to **RM233,334,101** (2019: RM130,027,328), arising from the fastening products division.

Geographical Segments

The Group's customers are located in the principal geographical regions, namely Malaysia, North America, Vietnam, other Asian and European countries.

29. SEGMENTAL INFORMATION (CONT'D)

C Additions to non-current assets consist of: (cont'd)

Geographical Segments (cont'd)

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	251,646,571	259,919,798	101,149,248	97,769,023
Vietnam	3,330,692	5,976,406	66,834,327	61,303,190
Other Asian countries	55,984,404	91,932,756	-	-
European countries	96,206,843	211,243,122	-	-
North America	120,786,002	73,394,732	-	-
Others	6,953,129	38,262,418	-	-
	534,907,641	680,729,232	167,983,575	159,072,213

Non-current assets information presented above which excludes financial assets, consist of the following items:

	2020 RM	2019 RM
Property, plant and equipment	162,277,846	154,281,738
Investment properties	4,723,172	4,790,475
Right-of-use assets	982,557	-
	167,983,575	159,072,213

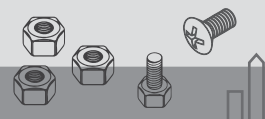
30. COMMITMENTS

(i) **Capital commitment**

Contracted but not provided for:

- Property, plant and equipment

GROUP	
2020 RM	2019 RM
6,601,103	9,697,481



30. COMMITMENTS (CONT'D)

(ii) Cancellable operating lease receivable commitment

Future minimum rentals receivable:

Not later than 1 year	471,300	525,000
Later than 1 year but not later than 2 year	170,800	292,500
Later than 2 year but not later than 5 year	28,800	-
	670,900	817,500

Operating lease receivable is in respect of the letting of its investment properties for lease terms ranging from two to three years.

(iii) Non-cancellable operating lease payable commitment

Future minimum rentals payable:

Not later than 1 year	-	225,000
-----------------------	---	---------

The above operating lease commitment was for rental of forklifts under non-cancellable operating lease agreement. Arising from the adoption of MFRS 16 Leases, the operating lease is capitalised as disclosed in Note 6.

31. RELATED PARTY DISCLOSURES

(i) Related party transactions

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Gross dividend income from unquoted subsidiaries				
- Chin Well Fasteners Vietnam Co., Ltd.	-	-	21,979,163	-
- Asia Angle Holdings Limited.	-	-	8,670,000	-
Professional fee paid to a related party				
- Ghazi & Lim *	5,300	-	-	-

* a solicitors firm in which a director, Mr. Lim Chien Ch'eng, is a partner.

31. RELATED PARTY DISCLOSURES (CONT'D)

(ii) Compensation of key management personnel

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The remuneration of the directors and other members of key management during the financial year are as follows:

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
Short-term employee benefits	6,001,895	5,628,906	275,200	276,000
Defined contribution plan	285,081	291,750	-	-
	6,286,976	5,920,656	275,200	276,000
Analysed as:				
- Directors	5,596,583	5,457,299	275,200	276,000
- Other key management personnel	690,393	463,357	-	-
	6,286,976	5,920,656	275,200	276,000

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

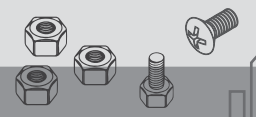
The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities at amortised cost ("AC").

	Carrying amount	AC
	RM	RM
GROUP		
2020		
Financial assets		
Trade receivables	103,229,475	103,229,475
Other receivables and refundable deposits	1,544,296	1,544,296
Cash and cash equivalents	110,321,732	110,321,732
	215,095,503	215,095,503



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments

	Carrying amount RM	AC RM
GROUP		
2020		
Financial liabilities		
Trade payables	19,680,775	19,680,775
Other payables and accruals	7,865,994	7,865,994
Borrowings	70,344,199	70,344,199
	97,890,968	97,890,968
COMPANY		
2020		
Financial assets		
Refundable deposits	4,500	4,500
Amount due from a subsidiary	210,979	210,979
Cash and cash equivalents	25,963,656	25,963,656
	26,179,135	26,179,135
Financial liabilities		
Other payables and accruals	295,894	295,894
GROUP		
2019		
Financial assets		
Trade receivables	134,001,983	134,001,983
Other receivables and refundable deposits	673,285	673,285
Cash and cash equivalents	124,216,604	124,216,604
	258,891,872	258,891,872

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM
Financial liabilities		
Trade payables	19,251,992	19,251,992
Other payables and accruals	8,430,261	8,430,261
Borrowings	89,163,518	89,163,518
	<u>116,845,771</u>	<u>116,845,771</u>
COMPANY		
2019		
Financial assets		
Refundable deposits	4,500	4,500
Amount due from a subsidiary	4,389	4,389
Cash and cash equivalents	14,380,757	14,380,757
	<u>14,389,646</u>	<u>14,389,646</u>
Financial liabilities		
Other payables and accruals	346,560	346,560

32.2 Financial risk management

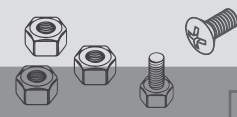
The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

32.3 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade and other receivables. The Company's exposure to credit risk arises principally from advances to its subsidiary and financial guarantees provided to financial institutions in respect of credit facilities granted to the subsidiaries.

32.3.1 Trade receivables

The Group extends credit terms to customers that range between 30 to 120 days. Credit period extended to its customers is based on careful evaluation of the customers' financial condition and credit history. Receivables are monitored on an on-going basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group requires deposits from the customers.

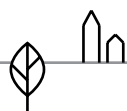
**32. FINANCIAL INSTRUMENTS (CONT'D)****32.3 Credit risk (cont'd)****32.3.1 Trade receivables (cont'd)**

The Group assesses ECL on trade receivables based on provision matrix, the expected loss rates are based on the payment profile for sales in the past as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

The ageing of trade receivables of the Group is as follows:

	Gross RM	Expected credit losses RM	Net RM
2020			
Not past due	55,755,185	-	55,755,185
1 to 30 days past due	22,722,351	(363,675)	22,358,676
31 to 60 days past due	18,074,644	(5,835,328)	12,239,316
Past due more than 60 days	26,020,324	(13,144,026)	12,876,298
	<u>66,817,319</u>	<u>(19,343,029)</u>	<u>47,474,290</u>
	<u>122,572,504</u>	<u>(19,343,029)</u>	<u>103,229,475</u>
2019			
Not past due	86,340,795	-	86,340,795
1 to 30 days past due	18,566,949	(145,980)	18,420,969
31 to 60 days past due	5,689,421	(38,366)	5,651,055
Past due more than 60 days	24,149,246	(560,082)	23,589,164
	<u>48,405,616</u>	<u>(744,428)</u>	<u>47,661,188</u>
	<u>134,746,411</u>	<u>(744,428)</u>	<u>134,001,983</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired has been renegotiated during the financial year.



32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (cont'd)

32.3.1 Trade receivables (cont'd)

The Group has trade receivables amounting to **RM47,474,290** (2019: RM47,661,188) that are past due but not impaired as the management is of the view that these debts are recoverable in due course except for a particular customer details of which are disclosed in Note 9.

The Group has significant concentration of credit risk in the form of outstanding balance due from **3 customers** (2019: 2 customers), representing **58%** (2019: 44%) of the total trade receivables.

32.3.2 Intercompany balances

The Company provides advances to a subsidiary and monitors its financial performance regularly.

The maximum exposure to credit risk is represented by its carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to the subsidiary are not recoverable. The amount is repayable on demand.

32.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries up to a limit of **RM283,547,091** (2019: RM331,386,491). The maximum exposure to credit risk as at the end of the reporting period is **RM71,291,007** (2019: RM86,076,512) which represents the amount of facilities utilised by the subsidiaries as at that date.

The Company monitors on an ongoing basis the financial performance of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that any of the subsidiaries would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was not material.

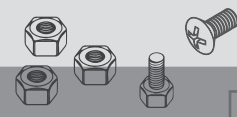
32.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2020 (CONT'D)



32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Liquidity risk (cont'd)

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 the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
GROUP					
2020					
<i>Non-derivative financial liabilities</i>					
Borrowings	70,344,199	70,344,199	70,344,199	-	-
Trade and other payables	27,546,769	27,546,769	27,546,769	-	-
Lease liabilities	990,553	1,125,000	300,000	300,000	525,000
	98,881,521	99,015,968	98,190,968	300,000	525,000

2019

<i>Non-derivative financial liabilities</i>					
Borrowings	89,163,518	89,163,518	89,163,518	-	-
Trade and other payables	27,682,253	27,682,253	27,682,253	-	-
	116,845,771	116,845,771	116,845,771	-	-

Carrying amount RM	Contractual cash flows RM	Within 1 year RM
--------------------------	---------------------------------	------------------------

COMPANY

2020

Non-derivative financial liabilities

Other payables	295,894	295,894	295,894
* Financial guarantees	-	69,652,758	69,652,758
	295,894	69,948,652	69,948,652

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM
COMPANY (cont'd)			
2019			
<i>Non-derivative financial liabilities</i>			
Other payables	346,560	346,560	346,560
* Financial guarantees	-	86,076,512	86,076,512
	<u>346,560</u>	<u>86,423,072</u>	<u>86,423,072</u>

* This liquidity risk exposure is included for illustration purpose only as the related financial guarantees have not crystallised.

32.5 Interest rate risk

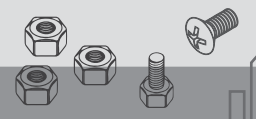
The Group's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

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

	GROUP		COMPANY	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate instruments				
Financial assets	<u>39,070,042</u>	<u>47,519,166</u>	<u>691,292</u>	<u>233,302</u>
Floating rate instruments				
Financial liabilities	<u>70,344,199</u>	<u>89,163,518</u>	<u>-</u>	<u>-</u>

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss nor does it 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.

**32. FINANCIAL INSTRUMENTS (CONT'D)****32.5 Interest rate risk (cont'd)****Sensitivity analysis for variable rate instruments**

An increase of 25 basis point would have decrease profit before taxation by amount shown below and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP	
	2020	2019
	RM	RM
Decrease in profit before taxation	<u>(290,334)</u>	<u>(200,671)</u>

32.6 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest rates).

The management is of the view that the financial performance of the Group is not sensitive towards the changes in equity price risk as there are no equity investments being designated at fair value through profit or loss. Changes in equity price risk for equity investments designated as held for trading is not significant to the total equity of the Group.

32.7 Foreign currency risk

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group and the Company also hold cash and cash equivalents and borrowings that denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are US Dollar and Euro.

Sensitivity analysis for foreign currency risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's and of the Company's profit before taxation. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have decreased the profit before taxation by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.7 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk (cont'd)

	GROUP		COMPANY	
	2020	2019	2020	2019
	RM	RM	RM	RM
US Dollar	(2,881,151)	(5,858,153)	(148)	(2,957)
Euro	(482,543)	(571,046)	-	-
Decrease in profit before taxation	(3,363,694)	(6,429,199)	(148)	(2,957)

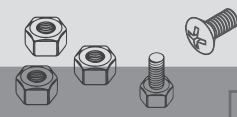
32.8 Reconciliation of liabilities arising from financing activities

	Balance at beginning	Net cash flows	Foreign exchange loss/ (gain)	Balance at end
	RM	RM	RM	RM
GROUP				
2020				
Bankers acceptance	55,930,840	(25,685,840)	-	30,245,000
Onshore foreign currency loans	33,232,678	(475,653)	31,887	32,788,912
Short term loans	-	7,069,908	240,379	7,310,287
	<u>89,163,518</u>	<u>(19,091,585)</u>	<u>272,266</u>	<u>70,344,199</u>
2019				
Bankers acceptance	22,665,241	33,265,599	-	55,930,840
Onshore foreign currency loans	47,271,146	(13,285,662)	(752,806)	33,232,678
Short term loans	2,401,055	(2,419,784)	18,729	-
	<u>72,337,442</u>	<u>17,560,153</u>	<u>(734,077)</u>	<u>89,163,518</u>

33. FAIR VALUE MEASUREMENT

33.1 Fair value information

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and borrowings approximate their fair values due to their short term nature.



33. FAIR VALUE MEASUREMENT (CONT'D)

33.2 Financial assets that are measured at fair value

The following table shows the Levels within the hierarchy of financial assets measured at fair value:

	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
GROUP					
2020					
Financial assets					
Short term funds with licensed financial institutions	40,316,547	-	-	40,316,547	40,316,547
2019					
Financial assets					
Short term funds with licensed financial institutions	29,671,845	-	-	29,671,845	29,671,845
COMPANY					
2020					
Financial assets					
Short term funds with licensed financial institutions	25,268,176	-	-	25,268,176	25,268,176
2019					
Financial assets					
Short term funds with licensed financial institutions	14,112,150	-	-	14,112,150	14,112,150

Level 1 fair value

Level 1 fair value of the short term funds with licensed financial institutions are derived by reference to their quoted market prices in active markets at the end of reporting period.

33. FAIR VALUE MEASUREMENT (CONT'D)

33.2 Financial assets that are measured at fair value (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 2 and Level 3 during the financial year.

The investments which are quoted in an active market are carried at fair value by reference to their quoted closing bid price at the end of the reporting period. Fair value of the foreign currency forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate at the end of the reporting period.

33.3 Fair value measurement of non-financial assets

The following table shows the Levels within the hierarchy of non-financial assets for which fair value is disclosed as at the end of the reporting period:

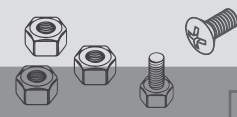
	Level 1 RM	Level 2 RM	Level 3 RM	Total fair value RM	Carrying amount RM
GROUP					
2020					
Investment properties					
- Freehold land	-	-	16,843,819	16,843,819	2,656,055
- Buildings	-	-	4,993,515	4,993,515	2,067,117
2019					
Investment properties					
- Freehold land	-	-	15,232,520	15,232,520	2,656,055
- Buildings	-	-	4,683,717	4,683,717	2,134,420

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial year.

Level 3 fair value

Level 3 fair values of freehold land and buildings have been generally derived by directors' estimation using the sales comparison approach. Sales prices 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.

**34. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group is subject to loan covenants imposed by its lenders. One of the loan covenants is for the subsidiaries to maintain a gearing ratio below a certain threshold. As at the end of reporting period, the Group has not breached any of the loan covenants including the gearing ratio imposed by its lenders.

35. SIGNIFICANT EVENT

The World Health Organisation declared the 2019 Novel Coronavirus outbreak ("COVID-19") a pandemic on 11 March 2020. This was followed by the Federal Government issuing a Gazetted Order known as the Movement Control Order ("MCO") which was effective for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 9 June 2020. Subsequently, Recovery Movement Control Order ("RMCO") was gazetted which is effective for the period from 10 June 2020 to 31 August 2020. The RMCO is further extended until 31 December 2020.

The COVID-19 has and will impact the business operations of the Group particularly on the Group's revenue as sales orders received from business partners are anticipated to downscale due to the disruption of economic activity globally and changes in consumer buying behavior. The degree of the impact depends on the situation of the epidemic preventive measures and the development of the pandemic globally. The Group will monitor the development closely and implement proactive measures to control costs and streamline its operations to mitigate the negative impact arising therefrom.

The financial impact on the Group's performance, if any, will be reflected in the financial year ending 30 June 2021. At this juncture, management is not in a position to quantify the potential impact to be suffered due to the uncertainties prevailing within and outside the country. However, the Group has sufficient working capital to sustain its business operations for the foreseeable future.

36. OTHER INVESTMENT

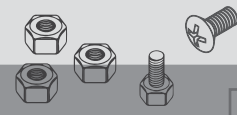
	GROUP	
	2020	2019
	RM	RM
Transferrable golf club membership, at cost		
Balance at beginning	-	167,769
Foreign exchange translation	-	1,789
Written off	-	(169,558)
Balance at end	-	-

No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2020 RM	Year of Acquisition/ Valuation
1.	Block T-3-05 to Block T-3-08, Block T-4-12 Taman Pelangi, Prai, Penang	3 room flat unit of 5 storey flat	99 years expiring on 22-04-2092	700 sq. ft./ 65.03 sq.m. per block	Hostel, 23 years 700 sq. ft./ 65.03 sq.m. per block	290,875	1994
2.	5,7,9,11,11A & 15 Lorong Nagasari 14, Taman Nagasari, Prai, Penang	Double Storey Terrace House – 3 room	Freehold	893.08 sq. ft./ 83 sq.m. per unit	Hostel, 27 years 1,242. sq. ft./ 115.38 sq.m. per unit	265,520	1990
3.	17 Lorong Nagasari 14, Taman Nagasari, Prai, Penang	Double Storey Terrace House – 3 room	Freehold	1,678.56 sq. ft./ 156 sq.m.	Hostel, 27 years 1,514. sq. ft./ 140.65 sq.m. per unit	63,526	1990
4.	16 Lebuhr Kurau 11, Chai Leng Park, Prai, Penang	Double Storey Semi-Detached House – 3 room	Freehold	4,000 sq. ft./ 371.6 sq.m.	Company House, 24 years, 5,250. sq. ft./ 487.74 sq.m. per unit	299,410	1994
5.	105, Lebuhr Turi, Off Persiaran Raja Muda Musa, Taman Chi Liung, 41200 Klang, Selangor	4 ½ Storey Terrace Shophouse	Freehold	4,072 sq. ft./ sq.m.	Rental for Business, 27 years 18,897.75 sq. ft./ 1,400 sq.m.	433,720	1991
6.	1586, Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	1 Block 3 Storey Office Building, 3 Block Single Storey Factory, 2 Treatment Plants and Automate Warehouse	60 years expiring on 11-06-2053	15 acres	Factory & Office, 23 years, 391,963.63 sq. ft./ 36,414.32 sq.m.	22,697,527	1995
7.	11 Lorong Siram 1, Desa Siram, 12100 Butterworth, Penang	3 ½ Storey Terrace Light Industrial Building	Freehold	1,861.48 sq. ft./ 173 sq.m.	Shop Lot Vacant 25 years, 5,610 sq. ft./ 521.18 sq.m.	293,017	1992
8.	11A Lorong Siram 1, Desa Siram, 12100 Butterworth, Penang	Corner unit 3 ½ Storey Terrace Light Industrial Building	Freehold	2,593.16 sq. ft./ 241 sq.m.	Shop Lot Vacant 25 years, 8,282 sq. ft./ 769.41 sq.m.	413,061	1992



PROPERTIES OF THE GROUP

AS AT 30 JUNE 2020 (CONT'D)



No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2020 RM	Year of Acquisition/ Valuation
9.	4 Jalan Sungai Kayu Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Industrial Land with Factory	Freehold	105,803 sq. ft.	Rental, 16 years, 35,075.45 sq. ft./ 3,259.80 sq.m.	4,289,455	2003
10.	1586 (PT 2984), Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	Industrial Land with warehouse	60 years expiring on 10-06-2053	108,889 sq. ft./ 10,117 sq.m.	Warehouse 10 years, 103,899 sq. ft./ 9,653 sq.m.	9,013,576	2010
11.	1500, Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	Industrial Land with Factory	60 years expiring on 24-05-2055	11.02 acres	Factory & Office 24 years, 290,748 sq. ft./ 27,011 sq.m.	14,515,058	2001
12.	Nhon Trach 3 Industrial Park, Nhon Trach District, Dong Vai Province, Vietnam	Industrial Land with Factory	47 years expiring on 01-04-2051	171,772.80 sq.m.	Factory & Office, 16 years, 171,772.80 sq.m.	40,146,906	2004
13.	5,7,9 Jalan Nagasari 1, Taman Nagasari, Prai, Penang	Double Storey Terrace House	Freehold	1119.04 sq. ft./ 104 meter sq per unit	Hostel, 5 years	532,000	2014
14.	4, Jalan Sungai Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Auto-Warehouse	Freehold	105,803 sq. ft.	Vacant Warehouse 1 year 25,616 sq. ft./ 2,379 sq.m.	3,665,844	2020
Total						96,919,495	

Total number of issued shares : 289,345,768 ordinary shares
 Voting right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	24	763	0.00
100 to 1,000	408	280,095	0.10
1,001 to 10,000	2,141	9,876,350	3.41
10,001 to 100,000	663	19,360,400	6.69
100,001 shares to less than 5% of issued shares	103	69,236,314	23.93
5% and above of issued shares	2	190,591,846	65.87
TOTAL	3,341	289,345,768	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	No. of ordinary shares			
	Direct	%	Deemed	%
Benua Handal Sdn. Bhd.	162,306,846	56.09	-	-
KBL Euro PB for Samarang Ucits – Samarang Asian Prosperity	28,285,000	9.78	-	-
Tsai Yung Chuan	-	-	162,306,846 ^(N1)	56.09

Notes :

N1 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Benua Handal Sdn. Bhd.

LIST OF DIRECTORS' SHAREHOLDINGS AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	No. of ordinary shares			
	Direct	%	Deemed	%
Tsai Yung Chuan	-	-	162,306,846 ^(N1)	56.09
Tsai Chang Hsiu-Hsiang	-	-	-	-
Lim Chien Ch'eng	5,998,650	2.07	1,765,314 ^(N2)	0.61
Ang Seng Oo	-	-	-	-
Low Yeaw Seng	-	-	-	-
Sharmin Fazlina Binti Mohd Shukor	-	-	-	-

Notes :

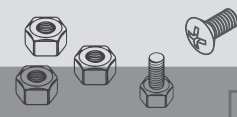
N1 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Benua Handal Sdn. Bhd.

N2 Deemed interested by virtue of Section 8 of the Companies Act, 2016 held through Indra Cempaka Sdn. Bhd.



ANALYSIS OF SHAREHOLDINGS

AS AT 12 OCTOBER 2020 (CONT'D)



LIST OF TOP 30 SHAREHOLDERS

	Name	Shareholdings	%
1.	BENUA HANDAL SDN BHD	162,306,846	56.09
2.	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : KBL EURO PB FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	28,285,000	9.78
3.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	6,921,300	2.39
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD	6,140,300	2.12
5.	YAYASAN GURU TUN HUSSEIN ONN	5,004,500	1.73
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING YAW	4,120,900	1.42
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR LIM CHIEN CH'ENG (PBCL-0G0010)	3,317,400	1.15
8.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB BANK FOR LIM CHIEN CH'ENG (PBCL-0G0252)	2,650,000	0.92
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	2,323,800	0.80
10.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEH WIN KEE (8106483)	2,215,100	0.77
11.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,850,000	0.64
12.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. BENEFICIARY : INDRA CEMPAKA SDN BHD (P8011)	1,765,314	0.61
13.	CHIN CHIN SEONG	1,760,000	0.61
14.	AMBANK (M) BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SMART)	1,575,000	0.54
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	1,454,200	0.50
16.	CHIN CHIN SEONG	1,120,300	0.39
17.	WONG YOON TET	1,079,000	0.37
18.	CGS-CIMB NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RET AIL CLIENTS)	1,047,200	0.36
19.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,000,000	0.35
20.	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : TEH KIAK SENG	959,000	0.33
21.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR HENG HUCK LEE (PENANG-CL)	942,200	0.33

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

	Name	Shareholdings	%
22.	TSAI CHIA LING	838,400	0.29
23.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	823,500	0.28
24.	CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	788,100	0.27
25.	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	725,000	0.25
26.	KOO GIT LOO @ CHIU GIT LOO	684,300	0.24
27.	AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : DBS VICKERS SECS (S) PTE LTD FOR ASIA HUMANISTIC CAPITAL INC	650,000	0.22
28.	SU MING YAW	628,300	0.22
29.	DYNAQUEST SDN. BHD.	600,000	0.21
30.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	588,200	0.20

This page is intentionally left blank.

PROXY FORM



Chin Well
HOLDINGS BERHAD
199501042347 (371551-T)

CDS Account No.

* I /WE _____ (*I/C No./Passport No./Company No. _____)
(Full Name in Block Letters)

of _____
(Address)

being a * member / members of the abovenamed Company, hereby appoint _____
(Full Name in Block Letters)

(*I/C No./Passport No./Company No. _____) of _____
(Address)

_____ (Address)

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 24th Annual General Meeting ("AGM") of the Company to be held at 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. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Mr. Tsai Yung Chuan as a Director of the Company		
2	To re-elect Mr. Ang Seng Oo as a Director of the Company		
3	To re-elect Mr. Low Yeaw Seng as a Director of the Company		
4	To approve the payment of Directors' fees		
5	To approve the payment of Directors' benefits		
6	To re-appoint Messrs. Grant Thornton as auditors of the Company		
7	Proposed Renewal of General Mandate for Directors to Allot and Issue Shares		
8	Proposed Share Buy-Back Renewal		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed this day of, 2020.

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies :

	No. of shares	%
Proxy 1		
Proxy 2		
		100

Signature(s) of Member(s)

Contact No. of Shareholder/Proxy: _____

Notes:

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 November 2020. Only a depositor whose name appears on the Record of Depositors as at 17 November 2020 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, this form duly completed must be deposited at the registered office of the Company 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 instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the registered office during the office hour a day before the meeting.
- A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Exempt Authorised Nominee") which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds.
- Where a member is an Exempt Authorised Nominee, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- In the case of a corporate member, this form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

* Strike out whichever is not desired.

Fold this flap for sealing

2nd fold here



The Company Secretary
CHIN WELL HOLDINGS BERHAD
199501042347 (371551-T)
51-21-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

1st fold here

This page is intentionally left blank.

This page is intentionally left blank.



CHIN WELL HOLDINGS BERHAD

199501042347 (371551-T)

1586, MK 11, Lorong Perusahaan Utama 1,
Bukit Tengah Industrial Park,
14000 Bukit Mertajam, Penang, Malaysia.

Tel : 604-507 5858 (14 lines)

Fax : 604-507 3355, 604-507 3366, 604-507 3322

Email : chinwell@chinwell.com.my

www.chinwell.com.my