

Shaping

A **Brighter** Tomorrow



Chin Well
HOLDINGS BERHAD
199501042347 (371551-T)



Annual Report 2021

Contents

02	Corporate Information
03	Corporate Structure
04	Management Discussion & Analysis
12	Directors' Profile
14	Key Management Profile
16	Corporate Governance Overview Statement
24	Additional Compliance Information
25	Directors' Responsibility Statement
26	Sustainability Report
34	Statement on Risk Management and Internal Control
37	Audit Committee Report
40	Directors' Report
45	Directors' Statement
45	Statutory Declaration
46	Independent Auditors' Report
51	Statements of Financial Position
52	Statements of Comprehensive Income
53	Consolidated Statement of Changes in Equity
54	Statement of Changes in Equity
55	Statements of Cash Flows
58	Notes to the Financial Statements
113	Properties of the Group
115	Analysis of Shareholdings





CORPORATE INFORMATION

DIRECTORS

Lim Chien Ch'eng (Non-Independent Non-Executive Chairman)

Tsai Yung Chuan (Managing Director)

Tsai Chang Hsiu-Hsiang (Executive Director)

Tsai Chia Ling (Executive Director)

Ang Seng Oo (Independent Non-Executive Director)

Low Yeaw Seng (Independent Non-Executive Director)

Sharmin Fazlina Binti Mohd Shukor (Independent Non-Executive Director)

SECRETARIES

Lee Peng Loon (MACS 01258)
SSM PC No. 201908002340

P'ng Chiew Keem (MAICSA 7026443)
SSM PC No. 201908002334

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

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

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 Malaysia PLT
(201906003682 & AF : 0737)
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 (Ho Chi Minh
City Branch)
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

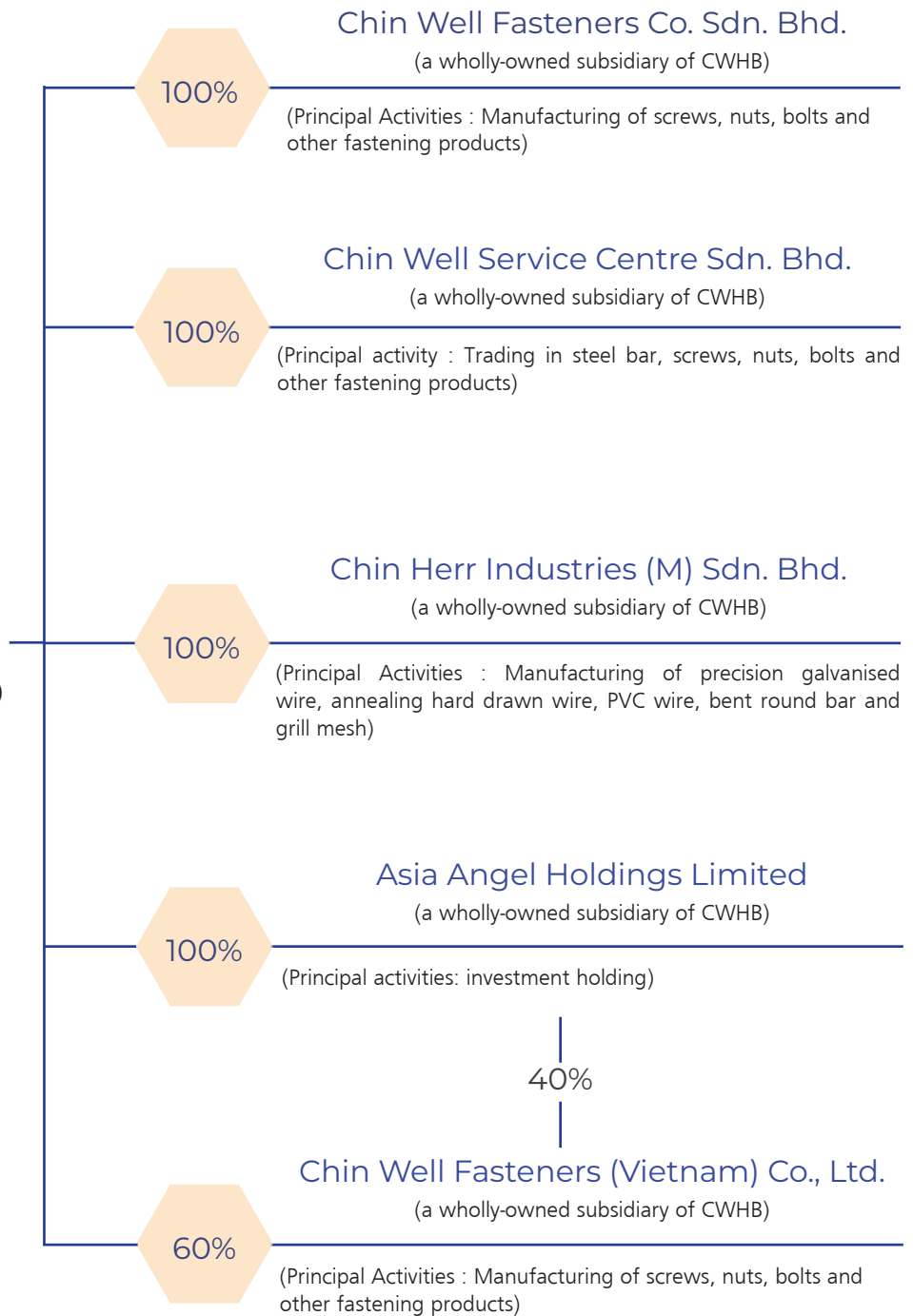
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad



CORPORATE STRUCTURE

AS OF 30 JUNE 2021





MANAGEMENT DISCUSSION & ANALYSIS

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 2021 (“FY2021”).

This MD&A should be read in conjunction with the Audited Financial Statements of the Group for FY2021 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 and 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 fastener products. We have established strong distribution networks in domestic and international markets, with our fasteners being sold to Malaysia (32%), North America (29%), Europe (28%), Asian countries (10%) 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 Novel Coronavirus (“COVID-19”) pandemic has had a devastating impact on the global economy since the outbreak in year 2020. In many countries, business activities are being forced to limit its operation for long period of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services had triggered significant disruptions to businesses world wide, resulting in an economy slowdown. The European economy reported a contraction of 6.8% in year 2020. Fortunately, the European region economy is moving toward a robust bounce-back from beginning of year 2021. The easing of coronavirus curbs following the successful mass vaccination program in Europe has helped the Euro zone economy growing faster than expected in the second quarter of year 2021. The demand for fasteners from the Europe regions returned as the global industrial fasteners market recovered. Since the implementation of Blue-Sky Project by the China government, the export of steel products from China had been reduced. The Group had thus benefited from the economy recovery in Europe as well as the reduction of export from China to the region. The increase of orders from Europe is expected to continue beyond year 2021 arising from the widespread demand for tractors and lawnmowers in the region.

In the beginning of year 2021, the Malaysia economy grew in line with the firming domestic activity together with improving foreign demand. Unfortunately, resurgence in COVID-19 cases in May 2021 prompted the government to declare a nationwide lockdown in June to July 2021 to curb the spread of the virus. The tightening of containment measures had pushed Malaysia back into recession. However, a gradual lifting of restrictions should pave the way for a modest recovery later this year. Provided that the vaccination campaign advances as planned, the Organisation for Economic Cooperation and Development (“OECD”) had projected Malaysia’s GDP growth to reach 4.3% in 2021 and 6.1% in 2022.

The local economy recovery and growth is expected to be driven by recovery in export, higher private consumption, faster investment activity and progress in major infrastructure projects such as the East Coast Rail Link and we, being the manufacturer of fasteners are reliant on the crystallization of the planned mega infrastructure projects to boost the local demand for fasteners.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Vision & Strategy

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

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.

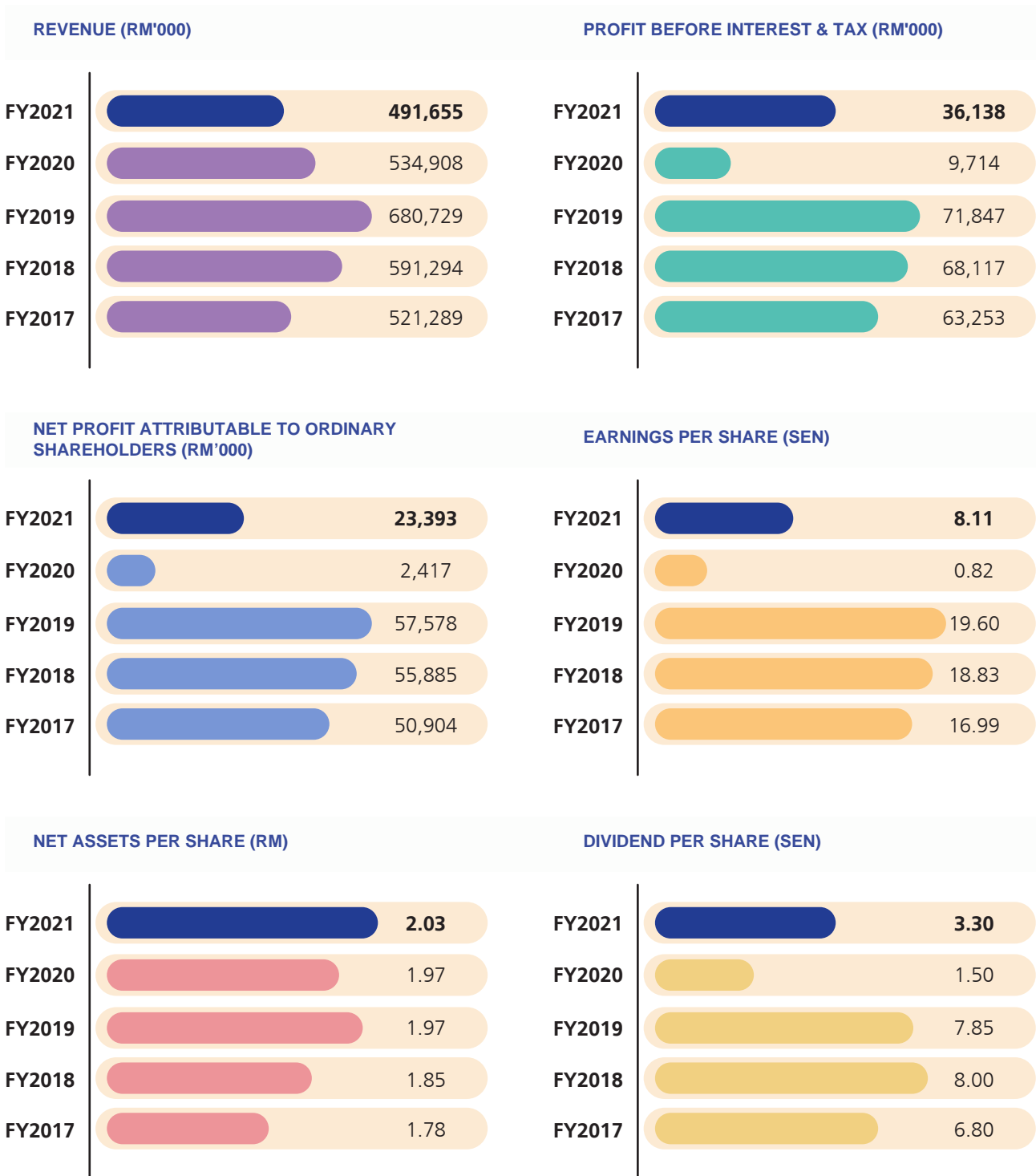
Highlights of the Group's Financial Information for Past 5 Financial Years

	FY2021	FY2020	FY2019	FY2018	FY2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	491,655	534,908	680,729	591,294	521,289
Profit before interest & tax	36,138	9,714	71,847	68,117	63,253
Finance cost	3,391	2,414	3,024	1,380	1,077
Net profit attributable to ordinary shareholders	23,393	2,417	57,578	55,885	50,904
Shareholders' equity	580,431	568,762	577,369	543,225	533,524
Total Assets	714,891	678,545	704,204	665,085	621,275
Borrowings	89,357	70,344	89,164	73,072	48,113
Debts/Equity ratio (%)	15%	12%	15%	13%	9%
Earnings per share (sen)	8.11	0.82	19.60	18.83	16.99
Net assets per share (RM)	2.03	1.97	1.97	1.85	1.78
Dividend per share (sen)	3.30	1.50	7.85	8.00	6.80
Share performance	FY2021	FY2020	FY2019	FY2018	FY2017
Year high (RM per share)	1.58	1.83	2.00	1.94	1.85
Year low (RM per share)	0.94	0.68	1.49	1.50	1.45
Year close (RM per share)	1.21	1.01	1.80	1.54	1.79
Trading volume('000)	35,294.10	35,044.90	28,390.35	36,750.27	122,613.20
Market capitalisation as of year end 30 June (RM'000)	360,943.84	292,271.55	528,566.16	452,955.69	536,160.79



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

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



MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Review of Financial Results and Financial Condition

Indicators to Measure the Group's Performance

Extracted from the Audited Statements of Profit or Loss for FY2021 and FY2020 are the following key indicators to measure the Group's financial performance for FY2021 as compared with the previous FY2020:

	FY2021 RM'000	FY2020 RM'000
Revenue	491,655	534,908
Other Income	6,276	7,105
Administrative expenses	27,538	37,440
Selling & distribution expenses	15,123	8,233
Finance cost	3,391	2,414
Profit Before Tax	32,747	7,300

The global economy environment in FY2021 was depressing as normalization of business activities remained uncertain. The Group revenue decreased by 8.09 % to RM491.66 million, when compared with the revenue of RM534.91 million achieved in FY2020. The COVID-19 pandemic that hit the world had impacted the Group's revenue. Unfavourable global market conditions following the various economy activities restriction imposed by many countries around the world to prevent the spread of the virus in addition to the shortage of international ocean vessels had delayed our export deliveries. Various phases of movement control measures implemented by Malaysia government had also adversely affected the various local economy sectors which reduced demand for our products. In addition, with no trading of steel bar in the current financial year the Group revenue was further reduced.

The Fasteners division mainly consists of manufacturing of screw, bolt, nuts, threaded bar and other fastening 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 71.65 % to the Group's revenue whilst the remaining revenue was from the Wire division.

In the current financial year, our Group sold approximately 31.85 % of the products in Malaysia and remaining 68.15% revenue was contributed by export sales. North America and Europe were the two largest market destination of the Group which contributed about 28.65 % and 28.00 % respectively of its total revenue in FY2021. The Group took advantage of the trade war between US and China where substitution trade opportunities resulted in the total export to North America improved since FY2019 and achieved RM140.86 million in FY2021 as compared to RM120.79 million in the immediate preceding year.

Geographical Segments	Revenue FY2021 (RM'000)	Revenue FY2020 (RM'000)	Change %
Malaysia	156,570	251,647	-38%
Vietnam	2,940	3,330	-12%
Other Asian Pacific Countries	44,730	55,984	-20%
Europe	137,680	96,207	43%
North America	140,856	120,786	17%
Others	8,878	6,954	28%
Total	491,655	534,908	-8%

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

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

Indicators to Measure the Group's Performance (cont'd)

Other income of the Group declined by 11.67 % to RM6.28 million in FY2021 as compared to RM7.10 million in FY2020; this is mainly due to the lower interest income earned being cushioned by the gain from disposal of property.

The administrative expenses decreased by RM9.90 million in the current reporting period. In FY2020, there was impairment on trade receivables amounting to RM18.60 million as compared to RM5.53 million which had been provided in FY2021. Appropriate actions had been taken by the management during the current financial year to recover the overdue debts from the customers and the management is confident that the recovery of debt issue with the customers could be resolved in the foreseeable future.

Selling and distribution expenses surged by 83.69 % in the current reporting period as higher export sales were recorded in the current financial year coupled with the increase in international ocean freight charges.

The finance cost recorded by the Group in FY2021 is RM3.39 million which consists mainly of unwinding interest of RM2.62 million being the discounting effect of long outstanding debts. The actual bank borrowing cost of the Group in the current reporting year is approximately RM 0.71 million which is 68.00 % lower as compared to RM2.40 million recorded in FY2020. The decline is mainly due to decrease of bank borrowing during the reporting year together with the reduction in interest rate.

The Group ended the year with a profit before tax of RM32.75 million in FY2021 as compared with RM7.30 million the year before. RM19.09 million or 58.29 % of the Group profit before tax was generated by the Fasteners division while the remaining RM13.89 million was contributed by the Wire division eroded with the administrative expenses incurred by the investment holding company was RM0.23 million. The increasing wire rod price since the second half of the current financial year had led to the higher selling price of the products and generated better profit margin for the Group. The result of the Group is further improved by the reduction in its administrative expenses.

Significant Changes in Financial Position and Liquidity As Compared With the Previous Financial Year

The Group's balance sheet remained strong in the year under review, extracted from the Audited Statements of Financial Position as at 30 June 2021 and 30 June 2020 are the following key items which reflect significant changes in financial position and liquidity:

	30.06.2021 RM'000	30.6.2020 RM'000
Trade receivables	81,999	103,229
Current Other receivables	28,332	23,141
Bank Borrowings	89,357	70,344
Total Equity	580,431	568,762
Gearing Ratios	0.01	N/A

N/A – Not applicable as net cash position

Trade receivables

Trade receivables decreased by 20.57 % to RM82.00 million during the financial year as RM23.33 million of the long outstanding debts had been reclassified to non-current assets in the current reporting year as the collection of the debts is expected to be longer than 12 months.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



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

Current Other receivables

Other receivables is higher, amounting to RM28.33 million as at 30 June 2021 as there is higher deposits paid for purchases of raw materials. These deposits will be inventorised upon the delivery of the goods purchased.

Borrowings

Towards the end of the current financial year, the Group had drawn down more bank borrowings for the purchases of raw materials. As at the closing date of the current financial year the Group's bank borrowings increased by 27.03% to RM89.36 million as compared to last financial year end. The bank borrowings are made up of solely trade related short term borrowings for working capital purpose.

The equity attributable to the owners of the Company stands at RM580.43 million as at 30 June 2021 as compared to RM568.76 million as at 30 June 2020 after the recognition of higher profit after tax of RM23.39 million and partially set off with the declaration of dividends amounting to RM4.31 million in the current financial year. The Company has bought back its own shares from the market with a total value of RM3.56 million in the current financial year.

Capital Expenditure Requirements and Capital Structure

The Group incurred capital expenditures of RM10.94 million in the current financial year as compared to RM18.81 million in the immediate preceding financial year. Due to the uncertain economic conditions, the Group had tightened up its capital expenditure, incurring less spending in fixed assets in the current financial year. RM5.19 million had been invested in the completion of the waste water treatment plant in Vietnam which the construction was started in the last financial year. The remaining balance was incurred for replacement of equipment in the Fasteners division.

The capital structure as at 30 June 2021 in which the Group financed its overall operations comprised different sources of funds as follows:

	30.6.2021	30.6.2020
	RM'000	RM'000
Equity		
Share Capital	177,929	177,929
Treasury Share	(18,865)	(15,301)
Reserves	421,367	406,134
Debts		
Net Borrowings	3,542	Nil
Total	580,431	568,762

FY 2021	Fasteners Products RM'000	Wire Products RM'000	Investment Holdings RM'000	Group RM'000
Total Revenue	352,293	139,362	-	491,655
Profit/(loss) before tax	19,089	13,888	(230)	32,747

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

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 tax	5,694	1,074	532	7,300

Fasteners Products

Fasteners Products division recorded total revenue of RM352.29 million in the current financial year which represents a decrease of 19.26% as compared to the immediate preceding financial year. The production in Malaysia was interrupted in June 2021 when the Full Movement Control Order ("FMCO") was reinforced by the Malaysian government after the resurgence of COVID-19 cases in Malaysia. Some of the local deliveries were deferred arising from the lockdown and the revenue was reduced accordingly.

The profit before tax of the division in FY2021 improved by RM13.40 million to RM19.09 million from RM5.69 million in FY2020. The improvement is mainly attributable to the product mix which generated higher profit margin to the division. Furthermore, the increase in average selling price in tandem with the increasing global wire rod price generated higher margin to the division in the current financial year. Besides that, higher provision for impairment in trade receivables amounting to RM18.74 million in FY2020 eroded the profit before tax of the division in last financial year.

Wire Products

The Wire division posted total revenue of RM139.36 million in FY2021 which represent an increase of 41.38% as compared to FY2020. The profit before tax increased from RM1.07 million in the last financial year to RM13.89 million in FY2021. Wire division managed to secure more local orders in the current financial year and this had contributed to better performance of the division.

Business Risks

The supply of wire rod and fluctuation of its price remain one of the major business challenges of the Group. When there is a shortage of supply and the prices of wire rod fluctuate, the Group's profit margin will be impacted in short term. In order to mitigate the risk, the Group is constantly monitoring the price movement of the wire rod and purchases them in bulk in order to secure more competitive pricing. It is also the practice of the Group to source its raw material from various sources so that it not reliant on a single supplier. We always ensure sufficient inventories for production requirement by stocking up the material when its 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. In the first half of the current financial year, the Group had started stocking up its raw material when the wire rod price was lower. In addition, with the good relationship we maintain with our long-term suppliers, the Group manages to have sufficient raw materials where currently there is a shortage of steel supply worldwide.

In the first half of the current financial year, the persistent uncertainties and slow recovery in Europe from the pandemic of COVID-19 had dampened the global economy growth and trade sentiment. In view of the unstable market situation, the wholesalers in Europe, being the Group major customers were cautioned with their inventories built thus resulted in lower export to Europe in the first half of the current financial year. This challenge had been overcome in the second half of the year when the orders from the Europe market returned as the customers there started to replenish their depleting stock. The situation further improved for us when the global wire rod price increased and contributed to the higher margin for the Group as its raw material was purchased when its price was at the lower range.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



Review of Operating Activities of Principal Business Segments (cont'd)

Business Risks (cont'd)

The continuing uncertainties following the reinforcement of different level of movement control locally had interrupted our production output, delayed our deliveries to the local customers and reduced our local sales in the current financial year. In mitigating the adverse impact, we focus on improving our production efficiency with the target to widen our product range by developing more high value added products, upgrade the skill of our workers and implementing cost saving measures to remain competitive in the industry and prepare ourselves for the challenges ahead. With the speed up in the vaccination progress in Malaysia, we expect the demand from local market will return gradually to pre-pandemic level in the foreseeable future.

The lockdown of the destination port in overseas had delayed our deliveries to some of the customers. The shortage of international vessel and containers had caused the increase of ocean freight charges. These are also challenges encountered by the Group during the current financial year. In order to lighten the burden of ocean freight cost, the Group managed to renegotiate with some of the customers to change the export conditions to free on board ("FOB") and transfer the freight cost to the respective customers.

Another prevailing operating challenge in the existing unstable economy conditions is the risk of non-collection from customers. As a precautionary measure the Group had reviewed and tightens up the credit control policy of the respective subsidiaries to minimize the credit risk. The credit risk will always be taken into consideration while the Group continues to expand its distribution channel for sustainable growth of the Group.

Forward-looking Statement

According to a recent Fortune Business Insight analyst report, the global industrial fasteners market is projected to grow from USD79.54 billion in 2021 to USD106.05 billion in 2028 at a 4.2% compounded annual growth rate ("CAGR") for the period of 2021 to 2028. The Group expects the global industrial fasteners demand will continue to return to pre-pandemic COVID-19 level in foreseeable future.

The DIY fasteners segment remains the main focus of the Group where the Group expects the demand from US market would continue to increase in the next financial year while the orders from the Europe will return in view of many of the European countries had started to uplift their economic activities restriction which had been imposed earlier to curb the pandemic of COVID-19. The uplift of those restrictions is expected to speed up the economic recovery in the regions. Nevertheless, the Group foresees some adverse impact on the DIY sales in FY2022 due to the production activities of our Vietnam plant being interrupted since July 2021 following the lockdown implemented by the Vietnam government in view of the rising COVID-19 cases in Vietnam.

With the expanded thread rod production line in Malaysia, higher revenue is expected to be generated to the Group in FY2022. The Group will explore further to penetrate into developing emerging market for its fasteners products.

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 improved.

Dividend

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

In FY2021, CWHB declared a total dividend of 3.30 sen per share, which exceeded 40% of the Group's net profits.

Appreciation

On behalf of the Board of Directors and management, we would like to take this opportunity to acknowledge the constant support of the Group's business associates, suppliers, customers and shareholders, and hope to count on their continue partnership going forward.



DIRECTORS' PROFILE

LIM CHIEN CH'ENG

Non-Independent Non-Executive Chairman

Age: 68
Gender: Male
Nationality: Malaysian

He was appointed to the Board of Chin Well Holdings Berhad ("CWHB") on 2 March 1999 and currently he is the Non-Independent Non-Executive Chairman of the Company. 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

Age: 66
Gender: Male
Nationality: 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

Age: 42
Gender: Female
Nationality: Malaysian

She was appointed to the Board of CWHB on 1 October 2014. She is the Chairman of Remuneration Committee and 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.

DIRECTORS' PROFILE (CONT'D)

LOW YEAW SENG

Independent Non-Executive Director

Age: 63
Gender: Male
Nationality: Malaysian

He was appointed to the Board of CWHB on 5 October 2018. He is also a member of Remuneration Committee, Nomination 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

Age: 64
Gender: Male
Nationality: 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

Age: 64
Gender: Female
Nationality: 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 company. She came to Malaysia in 1989 and helped to form Chin Well Fasteners Co. Sdn. Bhd. ("CWF"). 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

Executive Director

Age: 42
Gender: Female
Nationality: Taiwanese

She was appointed to the Board of CWHB on 5 July 2021. 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 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.



KEY MANAGEMENT PROFILE

TSAI CHENG HSUN

General Director – Chin Well Fasteners (Vietnam) Co. Ltd.

Age: 40
Gender: Male
Nationality: 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 Director 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.

Age: 31
Gender: Female
Nationality: 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.

CHIU CHIH TSUNG

Senior Manager – Chin Well Fasteners (Vietnam) Co. Ltd.

Age: 54
Gender: Male
Nationality: 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.

KEY MANAGEMENT PROFILE (CONT'D)

CHU KIM TEIK

General Manager – Chin Herr Industries (M) Sdn. Bhd.

Age: 55
Gender: Male
Nationality: 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 29 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 and Tsai Chia Ling are the major shareholders of CWHB.

N2) Family relationships amongst the Directors, Key Management and/or major shareholders 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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

This statement gives the shareholders an overview of the corporate governance practices of the Company during the financial year ended 30 June 2021 ("FY2021") 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 FY2021, the Company had adopted 31 out of the total 32 recommended practices in MCCG. The recommended practice not adopted is as follows:

- (i) 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.

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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board meetings (cont'd)

The Board met five (5) times during the financial year ended 30 June 2021. 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	5/5 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 FY2021.

Directors Trainings

All Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors however, 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 FY2021, 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.

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

Director	Trainings
Low Yeaw Seng	Taxation on Land Transactions
	Latest Updates in 2021 on Employer's Tax Statutory Obligations
Ang Seng Oo	JC3 Flagship Conference
	Implementing Amendments in the Malaysian Code on Corporate Governance Confirmation

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. In addition the COVID-19 pandemic during the current financial year had restricted the attendance of physical training by the directors.

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

Board Composition

The Board, currently consists of seven (7) members; comprising three (3) 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 12 to 13 of this Annual Report.

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 (Resigned on 6.10.2021)	Member	Non-Independent Non-Executive
Low Yeaw Seng (Appointed on 6.10.2021)	Member	Independent Non-Executive

The Nominating Committee met once during the financial year ended 30 June 2021 with full members present. The activities of the Nominating Committee are summarised as follows:-

- Reviewed and assessed the composition of the Board and Board Committees
- Reviewed and assessed the contributions of individual Directors and Independent Directors
- Reviewed and assessed the Directors due for retirement by rotation
- Reviewed and assessed the performance of the Audit Committee and each of its member
- Reviewed and assessed the Continuing Education Programmes and the Directors' training needs
- Reviewed and assessed the Boardroom Diversity
- Discussed the tenure of Independent Directors
- Discussed the memberships of the Board Committees
- Assessed and recommended the appointment of Tsai Chia Ling as executive director of the Company

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Board Composition (cont'd)

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. During the financial year ended 30 June 2021, the Committee had assessed and recommended to the Board, the appointment of Ms. Tsai Chia Ling as an Executive Director of the Company.

As at 30 June 2021, 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 2021, the Board's ethnicity composition comprised 17 % Malay and 83 % Chinese. The Nominating Committee and the Board intend to formalize the policy on gender diversity in the composition of the Board. The gender diversity policy will be approved in Board meeting in the beginning of the following financial year.

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

An election of director shall take place every year. In accordance with the Company's Constitution, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election. All the Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring director shall retain office until the close of the AGM at which he retires.

Any Director appointed either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

The assessment of Independent Directors is carried out before their appointment. Additionally, the Independent Directors are required to provide an undertaking to Bursa Securities pursuant to Paragraph 1.01 of the MMLR of Bursa Securities confirming their independency. On annual basis, the Independent Directors are required to carry out a self-assessment evaluations 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 limit of nine (9) years, the Board will seek shareholders' approval through two-tier voting.

The Company had embraced Practice 4.2 as the Chairman of the Company, Mr Lim Chien Ch'eng, who had served the Board 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Remuneration

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

Name	Designation	Directorate
Lim Chien Ch'eng (Resigned on 15.9.2021)	Chairman	Non-Independent Non-Executive
Sharmin Fazlina Binti Mohd Shukor (Appointed on 15.9.2021)	Chairman	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 Directors Remuneration Policy is available on the Company's website. The Remuneration Committee also recommended to the Board, the proposed fees and benefits of the Non-Executive Directors. However, all the Directors' fees and benefits must be approved by the shareholders at the AGM. The respective Director is required to abstain from deliberation and voting on decisions in respect of his individual remuneration.

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 FY2021 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	1,000	46,000					46,000
Total	180,000	3,800	183,800	-	-	-	-	183,800
Executive Directors								
Tsai Yung Chuan	45,000	1,000	46,000	1,694,665	241,222	121,200	15,500	2,118,587
Tsai Chang Hsiu-Hsiang	45,000	1,000	46,000	1,094,666	141,222	33,200	-	1,315,088
Total	90,000	2,000	92,000	2,789,331	382,444	154,400	15,500	3,433,675

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)



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

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 FY2021 within the successive bands of RM50,000 are as follows:

Remuneration Band	Number of top five(5) senior management
RM900,001 to RM950,000	1
RM700,001 to RM750,000	1
RM450,001 to RM 500,000	1
RM350,001 to RM 400,000	1
RM250,001 to RM 300,000	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 2021 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	5/5
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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management and Internal Control Framework (cont'd)

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 34 to 36 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.

The Audit Committee met with the External Auditors twice without the presence of the Executive Directors and Management of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Relationship with the External Auditors (cont'd)

The current External Auditors, Messrs. Grant Thornton Malaysia PLT ("GTM") (AF: 0737) was appointed on 14 January 2021 to act as auditors of the Company, to fill the casual vacancy in the office of the auditors pursuant to Section 271(2)(b) of the Companies Act 2016. Accordingly they will hold office until the conclusion of the forthcoming AGM subject to shareholders' re-appointment. In accordance with the policy of the Group's External Auditors, the lead audit engagement and concurring partners of the firm 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 2021, GTM 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 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 GTM 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 GTM to the Board for approval by the shareholders at the forthcoming AGM.

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 Secretary will share with the shareholders amongst others, the proceedings of the meeting, the Questions & Answers session as well as the poll voting process. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the agendas of the meeting. The Directors, senior management and the Group's External Auditors are in attendance to respond to shareholders' enquiries. Additionally, there will be a presentation on the Company's financial performance by the Executive Director.

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 MMLR and the Company's Constitution, 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 6 October 2021.



ADDITIONAL COMPLIANCE INFORMATION

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 2021, 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 102 to 103 of this Annual Report.

Audit and Non-audit Fees

For the financial year ended 30 June 2021, the fees payable for external audit services by the Company and the Group was RM 26,000 and RM101,000 respectively. The total fees paid for non-audit services by the Company were RM2,000.



DIRECTORS' RESPONSIBILITY STATEMENT

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, and
- 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 6 October 2021.



SUSTAINABILITY REPORT

The Board of Directors (“BOD”) of Chin Well Holdings Berhad is proud to present the Sustainability Report for the financial year ended 30 June 2021. 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 2020 to 30 June 2021 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

Our BOD holds the responsibility of ensuring that sustainability is integrated into the process of strategic planning of the Group. The BOD 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 current reporting period 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	As needed	<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	

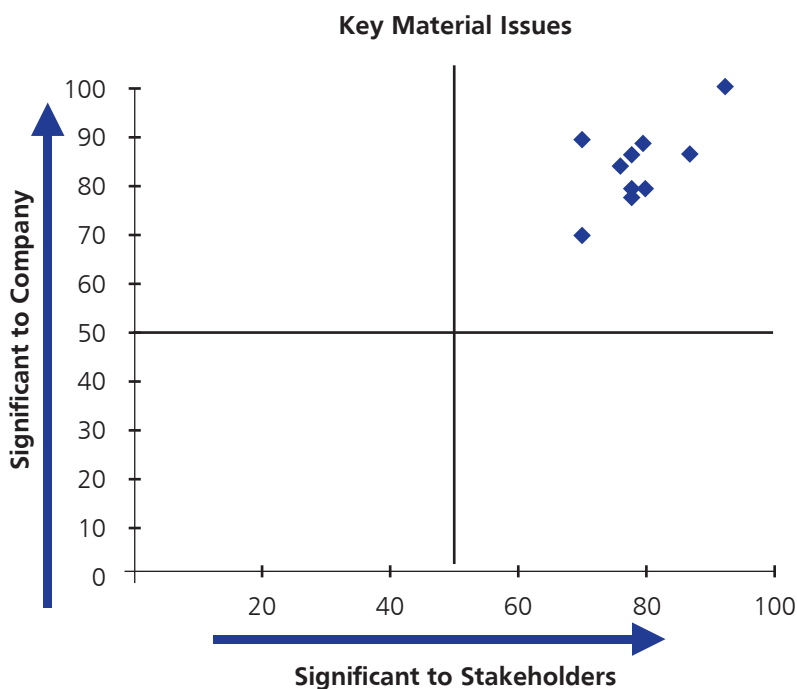
Stakeholders Identified (cont'd)

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.

11 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.



Economic

1. Product & Responsibility & Customer Satisfaction
2. Procurement Practise
3. Economic Performance

Environmental

4. Waste & Effluent
5. Energy Consumption
6. Water Management

Social

7. Occupational Safety & Health
8. Anti-Bribery & Corruption
9. Diversity
10. Labour Practise & Training
11. Human Right



SUSTAINABILITY REPORT (CONT'D)

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 years. 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

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 FY2021, 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 FY2021, but we still maintain close relationship with our customers via phone calls, digital mode such as whatapps, wechat and emails. On-line video meeting with customers were held regularly to ensure their expectation are 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.

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 FY2021, CWF achieved an average of 3.91 (as compared to 4.03 in FY2020) points out of 5.00 point on the customer satisfaction score. The slight drop in customer satisfaction is mainly due to delayed deliveries caused by the disruption and shortage of international ocean freight during the year. While CHI maintained an average of 4.07 (as compared to 4.07 in FY2020) 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 on, to improve ourselves and serve the customers better in future.

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 is 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.



WHAT IS MATERIAL TO US: (CONT'D)

ECONOMIC (CONT'D)

Procurement Practice (cont'd)

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 FY2021 more than 87% as compared to 92% in FY2020 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.

Economic Performance

FY2021 was a challenging year for the Group. The pro-longed global market uncertainties caused by trade tension between US and China, the unresolved worldwide lock down due to pandemic COVID-19 had interrupted the global demand and supply chain. The Group created direct economic value of RM491.66 million in the current financial year as compared to RM534.91 million in FY2020. The Group managed to achieve better result recording a profit before tax of RM32.75 million as compared to RM7.30 million in a year before 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 tax is distributed to our shareholders. In FY2021, a total of RM4.31 million had been paid out as dividends whilst RM14.19 million had been paid out as dividends in the last financial year. The Group had tighten up its spending on capital expenditure in view of the economic uncertainties where approximately RM10.94 million had been spent for fixed assets in the current reporting period as compared to RM18.81 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.

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 RM380,698 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 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 FY2021, it is recorded that the recycling rate of the hazardous generated in CWF and CHI is 50.00% and 63.00% respectively.

Subsidiary	Recycling Rate		
	FY2019	FY2020	FY2021
Chin Well Fasteners Co. Sdn. Bhd.	67.65%	60.69%	50.00%
Chin Herr Industries (M) Sdn. Bhd.	69.18%	64.00%	63.00%

SUSTAINABILITY REPORT (CONT'D)

WHAT IS MATERIAL TO US: (CONT'D)

ENVIRONMENTAL (CONT'D)

Waste & Effluent (cont'd)

The recycling rate of CWF recorded in FY2021 was lower as compared to the rate in FY2020 mainly due to different product mix was produced in the current financial year as more production of thread bar which generate less recycling hazardous waste, are produced during the current financial year.

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 periodical check by Department of Environment ("DOE") to ensure we comply with the environmental requirements. During FY2021, 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 we are considering 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 FY2021 as compared to FY2020 and FY2019:

Subsidiary	Electricity Consumption (kWh)			Energy Intensity (EI) (kWh/MT)		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
Chin Well Fasteners Co. Sdn. Bhd.	9,637,051	8,086,825	9,092,778	344	340	370
Chin Herr Industries (M) Sdn. Bhd.	19,652,690	13,869,646	16,709,064	378	405	369

Electricity consumption during the FY2020 is lower due to the shutdown of the factories during MCO.

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.



WHAT IS MATERIAL TO US: (CONT'D)

ENVIRONMENTAL (CONT'D)

Water Management (cont'd)

The followings table provides the information on our water consumption in the reporting subsidiaries in Malaysia during the FY2021 as compared to FY2020:

Subsidiary	Unit of Measurement	FY2019	FY2020	FY2021
Chin Well Fasteners Co. Sdn. Bhd.	m3	166,092	252,848	436,478
Chin Herr Industries (M) Sdn. Bhd.	m3	77,198	50,431	57,026

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 since last financial year. In the immediate preceding financial year, the water consumption is lower as the productions were interrupted during MCO.

SOCIAL

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. 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 that the safety equipment and machineries are properly functioning and are well maintained. All workers have to wear safety shoes and ear plug at all times on 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	FY2021
Chin Well Fasteners Co. Sdn. Bhd	2	2	1
Chin Herr Industries (M) Sdn. Bhd.	1	2	1

In order to comply with the Standard Operating Procedure ("SOP") required by MITI and the Malaysia government for the respective subsidiaries to operate during MCO, the Health and Safety Committee is scheduled to carry out regular inspections in the factories premises to ensure the SOP are always adhered by the workers and to prevent the spreading of the coronavirus in the work place. Briefing on procedures and preventive measures of COVID-19 at the work place had also been conducted regularly to the workers.



SUSTAINABILITY REPORT (CONT'D)

WHAT IS MATERIAL TO US: (CONT'D)

SOCIAL (CONT'D)

Anti-Bribery and Corruption Policy

Chin Well Group has adopted an anti-bribery and corruption policy since June 2020 when the amendment to the Malaysian Anti-Corruption Act 2009, the Corporate Liability Provision known as S17A, came into effect. An independent consultant had been engaged to advise the Group in the implementation of the adequate procedures in accordance with the corporate liability provision. Training had been held to the existing staff and will be conducted for the new 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 new 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.

The independent advisor is to carry out a review to assess the status and effectiveness of the implementation of the adequate procedures in the respective subsidiaries.

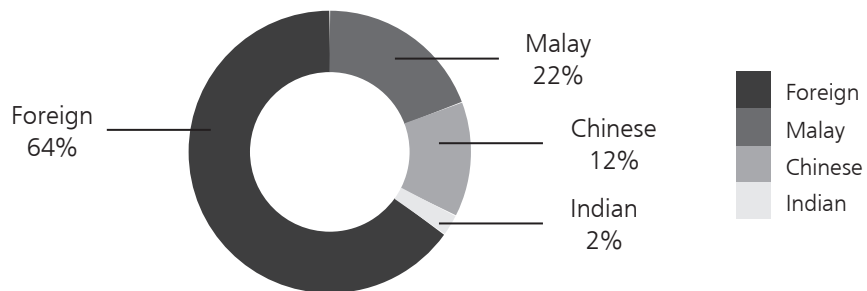
Whistle Blowing Policy

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 was last updated in June 2020 in conjunction with the effective of Corporate Liability Provision, Sec17A of amendment to Malaysian Anti-Corruption Act ("MACC") 2009. The mechanism was endorsed by our Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Audit Committee. In FY2021, there was no-known whistle blowing case in the Group.

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:



Employee Ethnicity in Malaysia

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

WHAT IS MATERIAL TO US: (CONT'D)

SOCIAL (CONT'D)

Labour Practice

Sports and recreational activities such as badminton games used to be organized among the workers to promote healthier living, harmony, better working relationships, co-operations and teamwork amongst the employees. However, due to the pandemic of COVID-19, the recreation activities and social gatherings for the staff were unable to be held during the current financial year as a precautionary measure to eliminate the spread of COVID-19 at the workplace.

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 for external training programme from time to time.

Upholding Human Rights

In regards to upholding human rights, our Group always supported 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 reporting year.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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;
- During the financial year under review the existing risks in the major operational areas have been reassessed accordingly. Review of credit control policy had been performed to tighten up the credit facilities granted to the trade debtors and to ensure adequate controls are in place to cope with the challenging business environment following the outbreak of COVID-19;



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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)

- 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 includes 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 2021, the internal auditors have conducted reviews on marketing in particularly credit control and human resource management 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 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;



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (CONT'D)

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

- 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; and
- 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 FYR 2021. 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 6 October 2021.

AUDIT COMMITTEE REPORT

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 2021 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	5/5
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 2021 are summarized as follows:-

1. Financial Reporting

- a. On 26 August 2020, the Committee reviewed the unaudited consolidated financial results for the 4th quarter of the financial year ended 30 June 2020 and recommended to the Board for approval.
- b. On 02 October 2020, the Committee reviewed the Company’s annual audited financial statements for the financial year ended 30 June 2020 and recommended to the Board for approval.
- c. On 25 November 2020, 26 February 2021 and 24 May 2021 respectively, the Committee reviewed the unaudited consolidated financial results for the 1st, 2nd and 3rd quarters of the financial year ending 30 June 2021 and recommended to the Board for approval.

2. External Audit

- a. On 26 August 2020, 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 2020. On the same day, the External Auditors also presented their audit findings together with the Group’s results to the Committee.
- b. On 02 October 2020, 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 2020.
- c. On 02 October 2020, 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 2020.
- d. On 02 October 2020, 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 2021.



AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK (CONT'D)

2. External Audit (cont'd)

- e. On 24 May 2021, the External Auditors tabled to the Committee the External Audit Plan for the financial year ending 30 June 2021 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 26 August 2020, the Committee reviewed with the internal auditors the internal audit plan for the financial year 2021 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- b. On 02 October 2020, the Committee reviewed the Statement of Risk Management and Internal Control and recommended to the Board.
- c. On 26 August 2020 and 24 May 2021 respectively, the Committee reviewed the internal audit reports tabled by the internal auditors. The internal audit reports contained the audit findings on the marketing and human resource management functions of a major subsidiary, audit recommendations provided by the internal auditors and management responses to those findings and recommendations. The Committee had also reviewed the credit control policy of the subsidiary in respond to the internal audit findings and recommended the policy for the Board's approval.
- d. On 26 August 2020 and 24 May 2021 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 24 May 2021, the Committee reviewed the Risk Assessment Report tabled by the internal auditors.
- g. On 24 May 2021, the Committee reviewed with the internal auditors, the internal audit plan for the financial year ending 30 June 2022 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- h. On 24 May 2021, 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 2022.

Internal Audit for subsidiary in Vietnam

- a. On 24 May 2021, the Committee reviewed the internal audit plan in respect of the subsidiary in Vietnam for the financial year 2022 prepared by the in-house internal auditors.
- b. On 24 May 2021, 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 02 October 2020, the Committee reviewed the status of the implementation of the adequate procedures in regards of Bribery and Corruption Risk assessment of the Group.



SUMMARY OF WORK (CONT'D)

5. Related Party Transaction

- a. The Committee reviewed the recurrent related party transactions of revenue or trading nature on quarterly basis during the Committee meetings.
- b. On 26 August 2020, 25 November 2020, 26 February 2021 and 24 May 2021, the Committee reviewed the recurrent related party transactions entered by the respective subsidiaries.

6. Annual Report

- a. On 02 October 2020, the Committee reviewed and recommended the following contents of the annual report for financial year ended 30 June 2020 for the Board approval:
 - i. Statement on Risk Management and Internal Control;
 - ii. Audit Committee Report.

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 auditors independently review 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 2021, the internal auditors had reviewed the systems of internal control on marketing and human resources management 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 2021 was approximately RM 19,189.

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 2021

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 2021**.

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 for the financial year	<u>23,392,685</u>	<u>13,877,637</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **30 June 2021** have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the Company has declared a single tier dividend of RM0.015 per ordinary share amounting to RM4,307,707 in respect of the financial year ended 30 June 2021 on 26 February 2021 and paid on 21 May 2021.

On 15 September 2021, the Company has declared a single tier second interim dividend of RM0.018 per ordinary share amounting to RM5,156,431 in respect of the financial year ended 30 June 2021 and payable on 26 November 2021. The financial statements for the current financial year do not reflect these declared dividends. Such dividends will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 30 June 2022.

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

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.

SHARE CAPITAL AND DEBENTURE

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



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

TREASURY SHARES

During the financial year, the Company repurchased 2,914,400 of its issued share capital from the open market for a total consideration of RM3,564,059. The average price paid for the shares repurchased was RM1.2177 per share 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 2021, the Company held 13,069,800 treasury shares out of its total 299,533,168 issued ordinary shares. Further relevant details are disclosed in Note 15 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 of the Company in office since the beginning of the financial year to the date of this report are:

Directors of the Company:

- Lim Chien Ch'eng**
- * **Tsai Yung Chuan**
- * **Tsai Chang Hsiu-Hsiang**
- Ang Seng Oo**
- Low Yeaw Seng**
- Sharmin Fazlina Binti Mohd Shukor**
- * **Tsai Chia Ling (appointed on 5.7.21)**

Directors of the subsidiaries:

- Tsai Cheng Hsun**
- Tsai Chia Wen**

* The directors are also directors of the Company's subsidiaries.

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			Balance at 30.6.2021
	Balance at 1.7.2020	Bought	Sold	
Direct interest:				
Lim Chien Ch'eng	5,998,650	11,000	-	6,009,650
Deemed interest:				
¹ Lim Chien Ch'eng	1,765,314	-	-	1,765,314
² Tsai Yung Chuan	162,306,846	-	-	162,306,846

¹ Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Indra Cempaka Sdn. Bhd.

² Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Benua Handal Sdn. Bhd.

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

Other than the above, none of the other directors holding office at the end of the financial year had any interests in shares in the Company and 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
Directors' fees	270,000	-	270,000
Salaries, allowance and bonus	5,800	3,171,775	3,177,575
Defined contribution plans	-	154,400	154,400
Benefits-in-kind	-	15,500	15,500
	275,800	3,341,675	3,617,475

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.



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown 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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The amount of insurance premium paid for professional indemnity for the directors and officers of the Company during the financial year is RM12,624.

There was no indemnity given to or insurance effected for the auditors of the Company.

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 there were no bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have 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 amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) that have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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.



DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

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.

SIGNIFICANT EVENT

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

EVENT AFTER THE REPORTING PERIOD

The details of the event after the reporting period are disclosed in Note 36 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 30 June 2021 are RM101,000 and RM26,000 respectively.

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

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

Tsai Yung Chuan

Penang,

Date: 26 October 2021

Tsai Chang Hsiu-Hsiang



DIRECTORS' STATEMENT

In the opinion of the directors, the financial statements set out on pages 51 to 112 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 2021** 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 Board of Directors:

Tsai Yung Chuan

Tsai Chang Hsiu-Hsiang

Date: 26 October 2021

STATUTORY DECLARATION

I, **Tsai Chang Hsiu-Hsiang**, the director primarily responsible for the financial management of **Chin Well Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 51 to 112 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 **26th**)
day of **October 2021**.)

Tsai Chang Hsiu-Hsiang

Before me,

Goh Suan Bee
No.P125
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN WELL HOLDINGS BERHAD
REGISTRATION 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 2021** 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 a summary of accounting policies, as set out on pages 51 to 112.

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 2021**, 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.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Valuation of inventories (Note 11 to the financial statements)</p> <p>The Group holds significant amount of inventories as at 30 June 2021 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 measures inventories at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value required judgement by the Group.</p> <p>We focused on this area as it involves estimation uncertainty by the management in determining the accuracy of inventories written down and in assessing the adequacy of inventories not stated at the lower of cost and net realisable value.</p>	<p>Our audit procedures in relation to the valuation of inventories included, among others, the following:</p> <ul style="list-style-type: none">• Obtaining an understanding of:<ul style="list-style-type: none">- the Group's inventory management process;- how the Group identifies and assesses inventories write-downs; and- how the Group makes the accounting estimates for inventories write downs.• Attending the year end physical inventory counts and paying attention to the physical condition of the inventories;• Reviewing the costing method used by the Group and whether it is consistent with prior year;• Reviewing the consistency of the application of management's methodology in determining and estimating the inventories written down from year to year;• Reviewing and testing the net realisable value of inventories on a sampling basis; and• Evaluating the reasonableness and adequacy of the inventories written down recognised for identified exposures.
<p>Impairment of trade receivables (Note 12 to the financial statements)</p> <p>The Group has significant trade receivables as at 30 June 2021 and it is subject to credit risk exposure.</p> <p>We focus on this area as the assessment of expected credit losses of trade receivables involved management's judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.</p>	<p>Our audit procedures in relation to the impairment of trade receivables included, amongst others, the following:</p> <ul style="list-style-type: none">• Obtaining an understanding of:<ul style="list-style-type: none">- the process of identifying and assessing the impairment of trade receivables;- the Group's control over the customers' collection process; and- the basis of how the Group makes the accounting estimates for impairment of trade receivables.• Reviewing the application of the Group's policy for calculating the expected credit losses and whether it complies with <i>MFRS 9</i>;• Reviewing the ageing analysis of the trade receivables and testing the reliability thereon;• Reviewing subsequent collections for major customers and overdue amounts;• Making inquiries of management regarding the action plans to recover overdue balances;• Examining other evidence including customer correspondences; and• Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.



INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition <i>(Note 22 to the financial statements)</i> The Group's revenue is mainly derived from the manufacturing of fastening products and wire products. We focus on this area due to the magnitude and voluminous transactions which may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.	 Our audit procedures in relation to the revenue recognition included, amongst others, the following: <ul style="list-style-type: none">• Obtaining an understanding of the Group's revenue recognition process and application and thereafter testing controls on the occurrence of revenue;• Performing analytical procedures on the trend of revenue recognised to identify for any abnormalities;• Performing substantive testing on a sampling basis to verify that revenue recognition criteria are properly applied by checking to the documents which evidenced the delivery of goods to the customers; and• Assessing whether revenue is recognised in the correct period by testing cut-off through assessing sales transaction taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date.

There is no key audit matters to be communicated 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.

Responsibilities of the Directors 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.

INDEPENDENT AUDITORS' REPORT

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

Responsibilities of the Directors 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 these financial statements.

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
REGISTRATION NO. 199501042347 (371551-T)

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

Other Matters

- (i) 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.
- (ii) The financial statements for the preceding year ended 30 June 2020 were audited by **Grant Thornton** whose report dated 2 October 2020, expressed an unqualified opinion on those financial statements. The practice of **Grant Thornton** has merged with **Grant Thornton Malaysia PLT** effective from 1 January 2021.

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Loo Wei Teng
No. 03487/03/2022 J
Chartered Accountant

Penang

Date: 26 October 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTE	GROUP			COMPANY	
		2021 RM	(Restated) 2020 RM	(Restated) 2019 RM	2021 RM	2020 RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	157,221,759	161,571,768	153,554,570	1	1
Investment properties	5	5,340,858	5,429,250	5,517,643	-	-
Right-of-use asset	6	720,542	982,557	-	-	-
Investment in subsidiaries	7	-	-	-	263,051,296	263,051,296
Other receivables, deposits and prepayments	8	23,331,070	-	-	-	-
Amount due from subsidiaries	9	-	-	-	10,589,043	-
Deferred tax assets	10	136,532	-	-	-	-
		186,750,761	167,983,575	159,072,213	273,640,340	263,051,297
Current assets						
Inventories	11	325,431,844	262,642,520	266,299,389	-	-
Trade receivables	12	81,998,533	103,229,475	134,001,983	-	-
Other receivables, deposits and prepayments	8	28,331,575	23,141,484	15,076,195	4,500	4,500
Amount due from subsidiaries	9	-	-	-	10,284,413	210,979
Current tax assets		6,563,516	11,226,176	5,537,304	49,991	19,653
Cash and bank balances	13	85,815,122	110,321,732	124,216,604	11,280,461	25,963,656
		528,140,590	510,561,387	545,131,475	21,619,365	26,198,788
TOTAL ASSETS		714,891,351	678,544,962	704,203,688	295,259,705	289,250,085
EQUITY AND LIABILITIES						
Share capital	14	177,929,384	177,929,384	177,929,384	177,929,384	177,929,384
Treasury shares	15	(18,865,126)	(15,301,067)	(10,163,635)	(18,865,126)	(15,301,067)
Foreign currency translation reserve	16	1,945,590	5,797,980	(2,508,446)	-	-
Retained profits	17	419,421,171	400,335,893	412,111,350	135,896,104	126,325,874
Total equity		580,431,019	568,762,190	577,368,653	294,960,362	288,954,191
Non-current liabilities						
Lease liability	6	493,650	750,522	-	-	-
Deferred tax liabilities	10	8,379,151	9,327,725	8,396,145	-	-
		8,872,801	10,078,247	8,396,145	-	-
Current liabilities						
Trade payables	18	23,584,488	19,680,775	19,251,992	-	-
Other payables and accruals	19	10,401,862	7,865,994	8,430,261	299,343	295,894
Borrowings	20	89,357,045	70,344,199	89,163,518	-	-
Contract liabilities	21	978,275	1,573,526	1,593,119	-	-
Lease liability	6	256,872	240,031	-	-	-
Current tax liabilities		1,008,989	-	-	-	-
		125,587,531	99,704,525	118,438,890	299,343	295,894
Total liabilities		134,460,332	109,782,772	126,835,035	299,343	295,894
TOTAL EQUITY AND LIABILITIES		714,891,351	678,544,962	704,203,688	295,259,705	289,250,085

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	NOTE	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	22	491,655,214	534,907,641	14,458,509	30,649,163
Cost of sales		(419,133,126)	(486,624,737)	-	-
Gross profit		72,522,088	48,282,904	14,458,509	30,649,163
Other income	23	6,275,709	7,104,890	453,494	955,033
Administrative expenses		(27,537,640)	(37,440,402)	(756,480)	(411,680)
Selling and distribution expenses		(15,122,565)	(8,233,102)	-	-
Operating profit		36,137,592	9,714,290	14,155,523	31,192,516
Finance costs	24	(3,390,648)	(2,413,999)	(220,233)	-
Profit before tax	25	32,746,944	7,300,291	13,935,290	31,192,516
Taxation	26	(9,354,259)	(4,883,084)	(57,653)	(6,214)
Profit for the financial year		23,392,685	2,417,207	13,877,637	31,186,302
Other comprehensive (loss)/ income, net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(3,852,390)	8,306,426	-	-
Total comprehensive income for the financial year		19,540,295	10,723,633	13,877,637	31,186,302
Earnings per share attributable to owners of the Company (sen)					
- Basic/Diluted	27	8.11	0.82		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Distributable	Non-distributable	Distributable	
			Foreign		
			Currency		
			Translation		
			Reserve		
				Retained	Total
NOTE	Share Capital	Treasury Shares		Profits	Equity
	RM	RM	RM	RM	RM
2021					
Balance at beginning, restated	177,929,384	(15,301,067)	5,797,980	400,335,893	568,762,190
Total comprehensive income for the financial year	-	-	(3,852,390)	23,392,685	19,540,295
Transactions with owners:					
Dividends	28	-	-	(4,307,407)	(4,307,407)
Purchase of treasury shares	15	(3,564,059)	-	-	(3,564,059)
Total transactions with owners		(3,564,059)	-	(4,307,407)	(7,871,466)
Balance at end	177,929,384	(18,865,126)	1,945,590	419,421,171	580,431,019
2020					
Balance at beginning					
- As previously stated	177,929,384	(10,163,635)	28,990,630	380,612,274	577,368,653
- Effects of reclassification	37	-	(31,499,076)	31,499,076	-
Balance at beginning, restated	177,929,384	(10,163,635)	(2,508,446)	412,111,350	577,368,653
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	15	(5,137,432)	-	-	(5,137,432)
Total transactions with owners		(5,137,432)	-	(14,192,664)	(19,330,096)
Balance at end, restated	177,929,384	(15,301,067)	5,797,980	400,335,893	568,762,190

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		----- Distributable -----			
	NOTE	Share Capital RM	Treasury Shares RM	Retained Profits RM	Total Equity RM
2021					
Balance at beginning		177,929,384	(15,301,067)	126,325,874	288,954,191
Total comprehensive income for the financial year		-	-	13,877,637	13,877,637
Transactions with owners:					
Dividends	28	-	-	(4,307,407)	(4,307,407)
Purchase of treasury shares	15	-	(3,564,059)	-	(3,564,059)
Total transactions with owners		-	(3,564,059)	(4,307,407)	(7,871,466)
Balance at end		177,929,384	(18,865,126)	135,896,104	294,960,362
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	15	-	(5,137,432)	-	(5,137,432)
Total transactions with owners		-	(5,137,432)	(14,192,664)	(19,330,096)
Balance at end		177,929,384	(15,301,067)	126,325,874	288,954,191

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	32,746,944	7,300,291	13,935,290	31,192,516
Adjustments for:				
Accretion of interest on lease liability	59,969	17,492	-	-
Allowances for expected credit losses on trade receivables				
- Addition	5,762,625	19,198,723	-	-
- Reversal	(229,163)	(600,122)	-	-
Depreciation of property, plant and equipment	13,399,491	12,959,658	-	-
Depreciation of investment properties	88,392	88,393	-	-
Depreciation of right-of-use asset	262,015	65,504	-	-
Dividend income	-	-	(14,458,509)	(30,649,163)
Gain on disposal of property, plant and equipment	(853,301)	(50,500)	-	-
Interest expenses	712,397	2,396,507	-	-
Interest income	(1,811,599)	(3,760,717)	(453,494)	(955,033)
Inventories written down			-	-
- Addition	-	520,933	-	-
- Reversal	(851,846)	-	-	-
Inventories written off	137,940	-	-	-
Property, plant and equipment written off	555	184,955	-	-
Unrealised loss on foreign exchange	1,012,215	401,358	-	-
Unwinding discount on financial assets	2,618,282	-	220,233	-
Operating profit/(loss) before working capital changes	53,054,916	38,722,475	(756,480)	(411,680)
Changes in:				
Inventories	(64,378,338)	7,024,467	-	-
Receivables	(17,246,712)	4,816,448	-	-
Payables	8,255,739	(1,715,279)	3,449	(50,666)
Contract liabilities	(582,402)	(54,218)	-	-
Cash (used in)/generated from operations	(20,896,797)	48,793,893	(753,031)	(462,346)
Interest paid	(712,397)	(2,396,507)	-	-
Income tax paid	(4,728,575)	(9,705,129)	(91,777)	(22,265)
Income tax refunded	3,786	-	3,786	-
Net cash (used in)/from operating activities	(26,333,983)	36,692,257	(841,022)	(484,611)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,811,599	3,760,717	453,494	955,033
Dividend received from subsidiaries	-	-	14,458,509	30,649,163
Proceeds from disposal of property, plant and equipment	1,150,000	50,500	-	-
Purchase of property, plant and equipment	(10,941,500)	(18,806,291)	-	-
Net changes in fixed deposits with licensed banks	2,649,142	(4,274,602)	-	-
Net cash (used in)/from investing activities	(5,330,759)	(19,269,676)	14,912,003	31,604,196
Balance carried forward	(31,664,742)	17,422,581	14,070,981	31,119,585

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

	NOTE	GROUP		COMPANY	
		2021 RM	2020 RM	2021 RM	2020 RM
Balance brought forward		(31,664,742)	17,422,581	14,070,981	31,119,585
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(4,307,407)	(14,192,664)	(4,307,407)	(14,192,664)
Purchase of treasury shares		(3,564,059)	(5,137,432)	(3,564,059)	(5,137,432)
Net changes in bankers' acceptance	A	(28,890,955)	(25,685,840)	-	-
Net changes in onshore foreign currency loans	A	37,001,138	(475,653)	-	-
Net changes in short term loans	A	10,983,207	7,069,908	-	-
Repayment of lease liability	A	(300,000)	(75,000)	-	-
Net changes in subsidiaries' balances		-	-	(20,882,710)	(206,590)
Net cash from/(used in) financing activities		10,921,924	(38,496,681)	(28,754,176)	(19,536,686)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(20,742,818)	(21,074,100)	(14,683,195)	11,582,899
Effects of foreign exchange rates changes		(1,114,650)	2,904,626	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING		81,954,468	100,123,942	25,963,656	14,380,757
CASH AND CASH EQUIVALENTS AT END		60,097,000	81,954,468	11,280,461	25,963,656
Represented by:					
Fixed deposits with licensed banks		31,567,654	32,425,207	-	-
Short term funds with licensed financial institutions		21,740,631	46,961,382	10,776,821	25,959,468
Cash in hand and at banks		32,506,837	30,935,143	503,640	4,188
		85,815,122	110,321,732	11,280,461	25,963,656
Less: Fixed deposits with maturity more than three months		(25,718,122)	(28,367,264)	-	-
		60,097,000	81,954,468	11,280,461	25,963,656

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

A. Reconciliation of liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Net cash flows RM	Others ¹ RM	Balance at end RM
GROUP				
2021				
Borrowings	70,344,199	19,093,390	(80,544)	89,357,045
Lease liability	990,553	(300,000)	59,969	750,522
Total liabilities arising from financing activities	<u>71,334,752</u>	<u>18,793,390</u>	<u>(20,575)</u>	<u>90,107,567</u>

2020

Borrowings	89,163,518	(19,091,585)	272,266	70,344,199
Lease liability	-	(75,000)	1,065,553	990,553
Total liabilities arising from financing activities	<u>89,163,518</u>	<u>(19,166,585)</u>	<u>1,337,819</u>	<u>71,334,752</u>

Others consist of non-cash movement as follows:

	GROUP	
	2021 RM	2020 RM
Accretion of interest on lease liability	59,969	17,492
Additions of lease liability	-	1,048,061
Unrealised (gain)/loss on foreign exchange	<u>(80,544)</u>	<u>272,266</u>
	<u>(20,575)</u>	<u>1,337,819</u>

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



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

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.

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.

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 October 2021.

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 ("IFRS") 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 accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

2.4 Adoption of Amendments to MFRSs

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 amendments to MFRSs that are mandatory for the current financial year:

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: Disclosures: Interest Rate Benchmark Reform

Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Initial application for the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards Issued But Not Yet Effective

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual period 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 period beginning on or after 1 April 2021

Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual period 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 period beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts

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

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 impacts to the financial statements of the Group and of the Company upon adoption.

2.6 Significant Accounting Estimates and Judgements

The preparation of financial statements 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



2. BASIS OF PREPARATION (CONT'D)

2.6.1 Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contract with renewal and termination option - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has a lease contract that includes an extension and termination option. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option or to terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has included the extension options period as part of the lease term for leases of forklifts as it is reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2.6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) **Useful lives of depreciable assets**

Plant and machinery are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of the plant and machinery to be within 5 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of the plant and machinery. A reduction in the estimated useful lives of the plant and machinery would increase the depreciation charge and decrease the non-current assets.

(ii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 11 to the financial statements.

(iii) **Provision 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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.6.2 Key sources of estimation uncertainty (cont'd)

(iii) Provision for expected credit losses ("ECL") of receivables (cont'd)

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.

The information about the ECL on the Group's trade receivables is disclosed in Note 32.3.1 to the financial statements.

(iv) Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



3. ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(i) Subsidiaries (cont'd)

Investment in subsidiaries is measured in the Company's financial statements 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) Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.13 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) 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.

The Group measures the cost of goodwill at the acquisition date at:

- 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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(iii) Business combination (cont'd)

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree 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.

(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 fair value through other comprehensive income depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses 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 any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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 its lease period of 32 to 45 years
Buildings	2% - 20%
Plant and machinery	3.33% - 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 depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the disposed assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

3.3 Investment Properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 materials 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

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

Freehold land is not depreciated as it has an infinite life. Buildings are depreciated on the straight-line method to write off the cost to its residual value over its 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. 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained profits; the transfer is not made through profit or loss.

3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. It is 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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

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. The Group recognises lease liabilities to make lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

3.4.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Forklifts	48 months
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

3.4.1.2 Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and 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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

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.

3.4.1.3 Short term leases

The Group applies the short-term lease recognition exemption to its short-term leases of forklifts (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). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.2 Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

3.5 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Financial assets

(i) Initial recognition and measurement

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exceptions of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.6.1 Financial assets (cont'd)

(i) Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include cash and bank balances, trade and other receivables and amount due from subsidiaries.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.6.1 Financial assets (cont'd)

(iii) Derecognition (cont'd)

- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment

The Group and the Company recognise allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.6.1 Financial assets (cont'd)

(iv) Impairment (cont'd)

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts owing. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

3.6.2 Financial liabilities

(i) Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and borrowings.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



3. ACCOUNTING POLICIES (CONT'D)

3.6.2 Financial liabilities (cont'd)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.6.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements 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.

3.6.4 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 in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

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 attributable production overheads.

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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

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 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and undertakes activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.11 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) Sale of goods

Revenue from the sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.11 Revenue Recognition (cont'd)

(iv) Dividend income

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

(v) Contract balances

Contract balances consist of the closing balances of the trade receivables and contract liabilities as at the end of the reporting period.

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 liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(vi) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sales of goods provide customers with volume rebates. The volume rebates give rise to 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.

3.12 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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.12 Employee Benefits (cont'd)

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.

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.

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 which at the initial recognition 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.

3.14 Value-added Tax ("VAT")

Revenue, expenses and assets are recognised net of VAT except:

- where the VAT incurred in a purchase of asset or service is not recoverable from the authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with VAT inclusive.

The net VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



3. ACCOUNTING POLICIES (CONT'D)

3.15 Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group 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.

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 exchange 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.

3.16 Operating Segments

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 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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

3. ACCOUNTING POLICIES (CONT'D)

3.17 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 or approved.

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 Treasury Shares

When share capital recognised as equity is repurchased, the amount of the consideration paid including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



3. ACCOUNTING POLICIES (CONT'D)

3.20 Related Parties (cont'd)

- (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 2021 (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT GROUP

	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and implements RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
2021											
At cost											
Balance at beginning, restated	233,741	32,303,254	102,040,659	301,543,521	23,097,325	10,060,386	523,252	3,004,707	4,382,167	5,562,477	482,751,489
Additions	-	-	1,508,516	2,573,230	12,748	1,537,458	36,880	-	-	5,272,668	10,941,500
Disposals	(100,000)	-	(406,685)	-	-	-	-	-	-	-	(506,685)
Written off	-	-	-	(1,020,175)	-	(2,540)	-	-	-	-	(1,022,715)
Foreign currency translation	-	(328,177)	(1,165,406)	(3,070,023)	(297,881)	(64,185)	-	-	(34,733)	(87,655)	(5,048,060)
Balance at end	<u>133,741</u>	<u>31,975,077</u>	<u>101,977,084</u>	<u>300,026,553</u>	<u>22,812,192</u>	<u>11,531,119</u>	<u>560,132</u>	<u>3,004,707</u>	<u>4,347,434</u>	<u>10,747,490</u>	<u>487,115,529</u>
Accumulated depreciation											
Balance at beginning, restated	-	10,873,714	37,316,491	238,958,002	21,401,154	6,180,035	522,268	2,563,250	3,364,807	-	321,179,721
Current charge	-	360,743	2,624,216	8,220,132	512,017	1,295,844	2,240	35,572	348,727	-	13,399,491
Disposals	-	-	(209,986)	-	-	-	-	-	-	-	(209,986)
Written off	-	-	-	(1,020,170)	-	(1,990)	-	-	-	-	(1,022,160)
Foreign currency translation	-	(104,954)	(415,045)	(2,588,289)	(276,943)	(48,559)	-	-	(19,506)	-	(3,453,296)
Balance at end	-	11,129,503	39,315,676	243,569,675	21,636,228	7,425,330	524,508	2,598,822	3,694,028	-	329,893,770
Carrying amount	<u>133,741</u>	<u>20,845,574</u>	<u>62,661,408</u>	<u>56,456,878</u>	<u>1,175,964</u>	<u>4,105,789</u>	<u>35,624</u>	<u>405,885</u>	<u>653,406</u>	<u>10,747,490</u>	<u>157,221,759</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

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

2020	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and implements RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost											
Balance at beginning	434,396	31,812,189	115,169,291	261,699,395	22,408,742	10,301,796	523,252	2,608,627	4,422,351	14,002,583	463,382,622
- As previously stated											
- Effect of reclassification	-	-	-(19,456,712)	19,456,712	-	-	-	-	-	-	-
- Effect of reclassification to investment properties (Note 37)	(200,655)	-	(1,054,496)	-	-	-	-	-	-	-	(1,255,151)
Balance at beginning, restated	233,741	31,812,189	94,658,083	281,156,107	22,408,742	10,301,796	523,252	2,608,627	4,422,351	14,002,583	462,127,471
Additions	-	-	356,742	10,267,437	68,233	189,270	-	95,000	43,603	7,786,006	18,806,291
Disposals	-	-	-	-	-	-	-	-	(66,860)	-	(66,860)
Written off	-	-	-	(2,184,359)	(2,900)	(3,356,794)	-	-	(68,125)	-	(5,612,178)
Reclassification	-	-	5,269,682	7,750,728	178,250	2,830,071	-	301,080	-	-(16,329,811)	-
Foreign currency translation	-	491,065	1,756,152	4,553,608	445,000	96,043	-	-	51,198	103,699	7,496,765
Balance at end, restated	233,741	32,303,254	102,040,659	301,543,521	23,097,325	10,060,386	523,252	3,004,707	4,382,167	5,562,477	482,751,489

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

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

	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and implements RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
- As previously stated	-	10,064,216	48,633,087	215,645,538	20,387,710	8,238,277	521,089	2,550,125	3,060,842	-	309,100,884
- Effect of reclassification	-	-	(13,705,359)	13,705,359	-	-	-	-	-	-	-
- Effect of reclassification to investment properties (Note 37)	-	-	(527,983)	-	-	-	-	-	-	-	(527,983)
Balance at beginning, restated	-	10,064,216	34,399,745	229,350,897	20,387,710	8,238,277	521,089	2,550,125	3,060,842	-	308,572,901
Current charge	-	657,730	2,298,144	7,934,054	603,127	1,041,868	1,179	13,125	410,431	-	12,959,658
Disposals	-	-	-	-	(2,900)	(3,171,885)	-	-	(66,860)	-	(66,860)
Written off	-	-	-	(2,184,313)	(2,900)	(3,171,885)	-	-	(68,125)	-	(5,427,223)
Foreign currency translation	-	151,768	618,602	3,857,364	413,217	71,775	-	-	28,519	-	5,141,245
Balance at end, restated	-	10,873,714	37,316,491	238,958,002	21,401,154	6,180,035	522,268	2,563,250	3,364,807	-	321,179,721
Carrying amount	233,741	21,429,540	61,058,324	66,251,363	1,696,171	3,880,351	984	441,457	1,017,360	5,562,477	161,571,768

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



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

COMPANY

	Office equipment	
	2021	2020
	RM	RM
At cost	<u>1,600</u>	<u>1,600</u>
Accumulated depreciation	<u>1,599</u>	<u>1,599</u>
Carrying amount	<u>1</u>	<u>1</u>

On 28 August 2020, the Group has entered into a Sale and Purchase Agreement with a third party to dispose of one unit double storey semi-detached house for a cash consideration of RM1,150,000. The disposal transaction has been completed during the financial year.

5. INVESTMENT PROPERTIES

	Freehold land RM	Buildings RM	Total RM
GROUP			
2021			
At cost			
Balance at beginning/end	<u>2,856,710</u>	<u>4,419,607</u>	<u>7,276,317</u>
Accumulated depreciation			
Balance at beginning, restated	-	1,847,067	1,847,067
Current charge	-	88,392	88,392
Balance at end	<u>-</u>	<u>1,935,459</u>	<u>1,935,459</u>
Carrying amount	<u>2,856,710</u>	<u>2,484,148</u>	<u>5,340,858</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

	Freehold land RM	Buildings RM	Total RM
2020			
At cost			
Balance at beginning			
- As previously stated	2,656,055	3,365,111	6,021,166
- Effect of reclassification from property, plant and equipment (Note 37)	200,655	1,054,496	1,255,151
Balance at beginning/end, restated	<u>2,856,710</u>	<u>4,419,607</u>	<u>7,276,317</u>
Accumulated depreciation			
Balance at beginning			
- As previously stated	-	1,230,691	1,230,691
- Effect of reclassification from property, plant and equipment (Note 37)	-	527,983	527,983
Balance at beginning, restated	-	1,758,674	1,758,674
Current charge	-	88,393	88,393
Balance at end, restated	<u>-</u>	<u>1,847,067</u>	<u>1,847,067</u>
Carrying amount	<u>2,856,710</u>	<u>2,572,540</u>	<u>5,429,250</u>

- (i) The investment properties have an open market value of approximately **RM23,200,000** (2020: RM21,837,334). The valuations are performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 3). Please refer to Note 2.2 to the financial statements for definition of Level 1 to 3 of the fair value hierarchy.

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, Level 2 and Level 3 during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the freehold land and buildings.

Level 3 fair value of freehold land and buildings have been generally derived using the market comparison approach. Selling prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



5. INVESTMENT PROPERTIES (CONT'D)

(ii) Group as lessor

The Group has entered into operating leases on its investment properties. These leases have terms of between one to three years.

The following are recognised in profit or loss in respect of investment properties:

	GROUP	
	2021	2020
	RM	RM
Rental income from income generating properties	475,100	422,100
Direct operating expenses arising from rental income generating properties, including depreciation	159,950	160,451

Future minimum rentals receivables under non-cancellable operating leases are as follows:

	GROUP	
	2021	2020
	RM	RM
Within one year	739,600	471,300
More than one year and less than five years	565,400	199,600
	1,305,000	670,900

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Group as lessee

The Group has a lease contract for forklifts used in its operations that has lease term of three years, with an option to extend the lease for one year. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has certain leases of forklifts with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Right-of-use asset

Set out below are the carrying amount of right-of-use asset recognised and the movements during the financial year:

GROUP

	Forklifts	
	2021	2020
	RM	RM
Balance at beginning	982,557	-
Addition	-	1,048,061
Depreciation	(262,015)	(65,504)
Balance at end	720,542	982,557

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONT'D)

Lease liability

Set out below are the carrying amount of lease liability recognised and the movements during the financial year:

	2021 RM	2020 RM
Balance at beginning	990,553	-
Addition	-	1,048,061
Accretion of interest	59,969	17,492
Payments	<u>(300,000)</u>	<u>(75,000)</u>
Balance at end	<u>750,522</u>	<u>990,553</u>
Represented by:		
Non-current	493,650	750,522
Current	<u>256,872</u>	<u>240,031</u>
	<u>750,522</u>	<u>990,553</u>

The maturity analysis of lease liability is disclosed in Note 32.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	2021 RM	2020 RM
Depreciation expense of right-of-use asset	262,015	65,504
Accretion of interest on lease liability	59,969	17,492
Expenses relating to short-term leases	<u>-</u>	<u>218,300</u>
Total amount recognised in profit or loss	<u>321,984</u>	<u>301,296</u>

7. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2021 RM	2020 RM
Unquoted shares, at cost	221,551,296	221,551,296
Unquoted non-cumulative redeemable preference shares, at cost	<u>41,500,000</u>	<u>41,500,000</u>
	<u>263,051,296</u>	<u>263,051,296</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Entities	Effective Equity Interest		Principal Activities
	2021 %	2020 %	
Chin Well Fasteners Co. Sdn. Bhd.	100	100	Manufacturing of screws, 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 Malaysia PLT.

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 Malaysia PLT for consolidation purpose.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
¹ Other receivables	23,331,070	-	-	-
Current				
Other receivables	550,625	1,295,451	-	-
Refundable deposits	303,982	248,845	4,500	4,500
Non-refundable deposits	40,597	30,347	-	-
Prepayments	1,025,764	782,804	-	-
Down payment for purchase of raw materials	20,025,433	15,955,639	-	-
VAT receivables	6,385,174	4,828,398	-	-
	28,331,575	23,141,484	4,500	4,500
Total other receivables, deposits and prepayments	51,662,645	23,141,484	4,500	4,500

¹ The entire amount has been transferred from trade receivables as a result of Conditional Settlement Agreement entered between the Company and NBH Service Centre Sdn. Bhd. as disclosed in Note 36 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	41,150,355	12,124,608	4,500	4,500
Vietnam Dong	10,512,290	11,016,876	-	-
	51,662,645	23,141,484	4,500	4,500

9. AMOUNT DUE FROM SUBSIDIARIES

	COMPANY	
	2021 RM	2020 RM
Non-current		
Non-trade		
- Interest bearing at 1.15% (2020: Nil) per annum	10,589,043	-
Current		
Non-trade		
- Interest bearing at 1.15% (2020: Nil) per annum	9,840,724	-
- Non-interest bearing	443,689	210,979
	10,284,413	210,979
Total amount due from subsidiaries	20,873,456	210,979

The amount due from subsidiaries is unsecured and classified based on the expected timing of realisation.

10. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP	
	2021 RM	2020 RM
Balance at beginning	9,327,725	8,396,145
Recognised in profit or loss	(1,187,480)	1,083,975
Foreign currency translation	3,374	(7,395)
	8,143,619	9,472,725
Under/(Over) provision in prior year	99,000	(145,000)
Balance at end	8,242,619	9,327,725

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The recognised deferred tax (assets)/liabilities, after appropriate offsetting, are as follows:

	GROUP	
	2021	2020
	RM	RM
Deferred tax assets	(136,532)	-
Deferred tax liabilities	8,379,151	9,327,725
	<u>8,242,619</u>	<u>9,327,725</u>

The deferred tax (assets)/liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	GROUP	
	2021	2020
	RM	RM
Property, plant and equipment	8,457,151	10,015,725
Provisions	(214,532)	(688,000)
	<u>8,242,619</u>	<u>9,327,725</u>

11. INVENTORIES

	GROUP	
	2021	2020
	RM	RM
At cost		
Raw materials	120,455,879	79,793,783
Work-in-progress	45,039,415	32,955,503
Finished goods	117,181,868	112,944,909
Trading goods	319,959	380,295
Indirect materials	42,434,723	36,568,030
	<u>325,431,844</u>	<u>262,642,520</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

11. INVENTORIES (CONT'D)

	GROUP	
	2021	2020
	RM	RM
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	419,847,032	486,103,804
Inventories written down		
- Addition	-	520,933
- Reversal	(851,846)	-
Inventories written off	137,940	-

The reversal of inventories written down was made during the financial year when the related inventories were sold above their carrying amounts.

12. TRADE RECEIVABLES

	GROUP	
	2021	2020
	RM	RM
Trade receivables	106,875,024	122,572,504
Less: Allowance for expected credit losses		
Balance at beginning	(19,343,029)	(744,428)
Current year	(5,762,625)	(19,198,723)
Reversal	229,163	600,122
Balance at end	(24,876,491)	(19,343,029)
	81,998,533	103,229,475

The currency profile of trade receivables is as follows:

	GROUP	
	2021	2020
	RM	RM
Ringgit Malaysia	29,937,977	47,190,789
United States Dollar	47,689,242	52,709,673
Euro	3,954,875	2,985,913
Vietnam Dong	370,199	296,860
Singapore Dollar	46,240	46,240
	81,998,533	103,229,475

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

12. TRADE RECEIVABLES (CONT'D)

The normal credit terms granted to trade receivables range from **30 to 120 days** (2020: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

During the financial year, an amount of RM23,331,070 has been transferred to the other receivables as a result of Conditional Settlement Agreement entered between a subsidiary of the Company, Chin Well Service Centre Sdn. Bhd. ("CWSC") and NBH Service Centre Sdn. Bhd. ("NBHSC") as disclosed in Note 36 to the financial statements. The said amount is the expected recovered amount from NBHSC, net of allowance for expected credit losses, unwinding discount and NBHSC ownership over the surplus of assets of Jadi Raya Development Sdn. Bhd. ("Jadi Raya") and NBH Realty Sdn. Bhd. ("NBH Realty"). The amount due from NBHSC is secured by the value of shares held in Jadi Raya and NBH Realty.

13. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits with licensed banks	31,567,654	32,425,207	-	-
Short term funds with licensed financial institutions	21,740,631	46,961,382	10,776,821	25,959,468
Cash in hand and at banks	32,506,837	30,935,143	503,640	4,188
	85,815,122	110,321,732	11,280,461	25,963,656

Short term funds with licensed financial institutions are primarily invested in money market instruments with financial institutions. The funds can be redeemed at any point in time upon request.

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	35,480,491	56,795,557	11,279,483	25,962,175
Vietnam Dong	29,942,305	30,653,280	-	-
United States Dollar	18,119,091	20,795,860	978	1,481
Euro	2,143,994	1,909,691	-	-
Singapore Dollar	129,241	167,344	-	-
	85,815,122	110,321,732	11,280,461	25,963,656

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of the Group as at the end of the reporting period range from **3.60% to 5.10%** (2020: 4.25% to 7%) per annum and **3 months to 12 months** (2020: 1 month to 12 months) respectively.

14. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021 RM	2020 RM	2021 RM	2020 RM
Issued and fully paid with no par value	299,533,168	299,533,168	177,929,384	177,929,384

The holders of ordinary share are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

15. 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 25 November 2020.

During the financial year, the Company purchased **2,914,400** (2020: 4,270,100) of its issued ordinary shares from the open market at an average price of **RM1.2177** (2020: RM1.1976) per share. The total consideration paid for the share buy back was **RM3,564,059** (2020: RM5,137,432), including transaction costs of **RM15,194** (2020: RM23,560). None of the treasury shares held were resold or cancelled during the financial year.

As at the end of the reporting period, the Company held a total of **13,069,800** (2020: 10,155,400) ordinary shares as treasury shares out of its total issued and paid up share capital. The number of outstanding ordinary shares in issue after deducting the treasury shares as at the end of the reporting period was **286,463,368** (2020: 289,377,768) ordinary shares.

Treasury shares have no rights to voting, dividends and participation in other distribution.

16. FOREIGN CURRENCY TRANSLATION RESERVE

GROUP

Foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

17. 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.

18. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2021 RM	2020 RM
Ringgit Malaysia	5,918,539	3,643,050
Vietnam Dong	13,652,094	12,342,124
United States Dollar	4,013,855	3,695,601
	<u>23,584,488</u>	<u>19,680,775</u>

The credit terms extended by trade payables range from **30 to 90 days** (2020: 30 to 90 days).

Included in the trade payables is an amount of **RM3,170,412** (2020: RM Nil) due to the companies in which certain directors of the Company have financial interest and is unsecured and non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

19. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	6,070,566	2,174,674	1,343	1,894
Accruals	4,331,296	5,691,320	298,000	294,000
	10,401,862	7,865,994	299,343	295,894

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	7,188,711	5,365,788	299,343	295,894
Vietnam Dong	2,963,489	2,354,939	-	-
United States Dollar	41,982	75,089	-	-
Euro	207,680	70,178	-	-
	10,401,862	7,865,994	299,343	295,894

20. BORROWINGS

	GROUP	
	2021 RM	2020 RM
Bankers' acceptance	1,354,045	30,245,000
Onshore foreign currency loans	69,691,103	32,788,912
Short term loans	18,311,897	7,310,287
	89,357,045	70,344,199

The currency profile of borrowings is as follows:

	GROUP	
	2021 RM	2020 RM
Ringgit Malaysia	1,354,045	30,245,000
United States Dollar	84,316,897	39,407,757
Vietnam Dong	3,686,103	691,442
	89,357,045	70,344,199

The borrowings are secured by way of corporate guarantees of the Company and negative pledge of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

20. BORROWINGS (CONT'D)

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

	2021 RM	2020 RM
Bankers' acceptance	2.04	2.95 to 3.20
Onshore foreign currency loans	0.40 to 0.45	0.53 to 0.94
Short term loans	<u>1.33 to 2.50</u>	<u>1.45 to 2.00</u>

21. CONTRACT LIABILITIES

	GROUP	
	2021 RM	2020 RM
Balance at beginning	1,573,526	1,593,119
Revenue recognised during the year	(1,573,526)	(1,593,119)
Deposits received during the year	<u>978,275</u>	<u>1,573,526</u>
Balance at end	<u>978,275</u>	<u>1,573,526</u>

Contract liabilities represent deposits received from customers in advance for sales orders before commencing production activity. The deposits will be reversed and recognised as revenue upon satisfying the performance obligation.

All deposits received are expected to be recognised as revenue within one year from the date of receipt.

22. REVENUE

22.1 Disaggregation revenue information

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Types of revenue				
Sales of goods	491,655,214	534,907,641	-	-
Dividend income	-	-	<u>14,458,509</u>	<u>30,649,163</u>
Total revenue from contracts with customers	<u>491,655,214</u>	<u>534,907,641</u>	<u>14,458,509</u>	<u>30,649,163</u>
Geographical markets				
Malaysia	156,570,263	251,646,571	-	-
Vietnam	2,940,489	3,330,692	-	21,979,163
North America	140,856,281	120,786,002	-	-
Europe	137,679,971	96,206,843	14,458,509	8,670,000
Other Asia Pacific countries	44,730,347	55,984,404	-	-
Others	<u>8,877,863</u>	<u>6,953,129</u>	-	-
Total revenue from contracts with customers	<u>491,655,214</u>	<u>534,907,641</u>	<u>14,458,509</u>	<u>30,649,163</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

22. REVENUE (CONT'D)

22.1 Disaggregation revenue information (cont'd)

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Timing of revenue recognition				
At a point in time, representing total revenue from contracts with customers	491,655,214	534,907,641	14,458,509	30,649,163

22.2 Performance obligations

The performance obligations are spelt out in Note 3.11 to the financial statements.

23. OTHER INCOME

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Gain on disposal of property, plant and equipment	853,301	50,500	-	-
Interest income	1,811,599	3,760,717	453,494	955,033
Realised gain on foreign exchange	3,122,685	2,855,699	-	-
Rental income	485,600	429,300	-	-
Others	2,524	8,674	-	-
	6,275,709	7,104,890	453,494	955,033

24. FINANCE COSTS

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expenses on:				
- Accretion of interest on lease liability	59,969	17,492	-	-
- Bank overdraft	29,995	40,007	-	-
- Bankers' acceptance	214,677	1,531,900	-	-
- Letter of credit charges	167,415	13,560	-	-
- Onshore foreign currency loans	172,919	569,716	-	-
- Short term loans	127,391	241,324	-	-
- Unwinding discount on financial assets	2,618,282	-	220,233	-
	3,390,648	2,413,999	220,233	-

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

25. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
After charging:				
Allowances for				
expected credit losses				
on trade receivables				
- Addition	5,762,625	19,198,723	-	-
- Reversal	(229,163)	(600,122)	-	-
Audit fee				
- Company's auditors				
- statutory audit				
- current year	101,000	92,000	26,000	22,000
- under provision in prior year	3,000	5,000	1,000	1,000
- other services	2,000	2,000	2,000	2,000
- Other auditors				
- statutory audit	41,392	41,991	-	-
Depreciation				
- property, plant and equipment	13,399,491	12,959,658	-	-
- investment properties	88,392	88,393	-	-
- right-of-use asset	262,015	65,504	-	-
Directors' fees	270,000	270,000	270,000	270,000
Expenses relating to short term leases	-	218,300	-	-
Inventories written down				
- Addition	-	520,933	-	-
- Reversal	(851,846)	-	-	-
Inventories written off	137,940	-	-	-
Property, plant and equipment written off	555	184,955	-	-
Realised loss on foreign exchange	396,127	458,205	-	-
* Staff costs	47,728,620	48,439,064	5,800	5,200
Unrealised loss on foreign exchange	1,012,215	401,358	-	-
* Staff costs				
- Salaries, allowance, bonus, wages and incentive	46,202,660	46,896,912	5,800	5,200
- EPF	1,303,481	1,338,410	-	-
- SOCSO and EIS	222,479	203,742	-	-
	47,728,620	48,439,064	5,800	5,200

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

25. PROFIT BEFORE TAX (CONT'D)

Directors' remuneration

Included in the staff costs are directors' remuneration as shown below:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive directors of the Company:				
Directors' emoluments				
- Salaries, allowance and bonus	3,173,775	3,215,412	2,000	2,000
- EPF	154,400	153,690	-	-
	3,328,175	3,369,102	2,000	2,000
Benefits-in-kind	15,500	15,500	-	-
	3,343,675	3,384,602	2,000	2,000
Non-Executive directors of the Company:				
Directors' emoluments				
- Allowance	3,800	3,200	3,800	3,200
Executive directors of subsidiaries:				
Directors' emoluments				
- Salaries, allowance and bonus	1,945,611	1,826,362	-	-
- EPF	99,600	105,919	-	-
	2,045,211	1,932,281	-	-
Benefits-in-kind	2,000	6,500	-	-
	2,047,211	1,938,781	-	-
Total directors' remuneration	5,394,686	5,326,583	5,800	5,200

26. TAXATION

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax:				
Based on results for the financial year				
- Malaysian income tax	(5,947,000)	(1,235,000)	(58,000)	(6,000)
- Foreign tax	(3,409,696)	(3,168,910)	-	-
- Real property gains tax	(89,710)	-	-	-
Balance carried forward	(9,446,406)	(4,403,910)	(58,000)	(6,000)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

26. TAXATION (CONT'D)

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Balance brought forward	(9,446,406)	(4,403,910)	(58,000)	(6,000)
Deferred tax:				
Relating to origination and reversal of temporary differences	1,187,480	(1,083,975)	-	-
	(8,258,926)	(5,487,885)	(58,000)	(6,000)
(Under)/Over provision in prior year				
- Current tax	(996,333)	459,801	347	(214)
- Deferred tax	(99,000)	145,000	-	-
	(1,095,333)	604,801	347	(214)
	(9,354,259)	(4,883,084)	(57,653)	(6,214)

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	32,746,944	7,300,291	13,935,290	31,192,516
Income tax at Malaysian statutory tax rate of 24%	(7,859,267)	(1,752,070)	(3,344,470)	(7,486,204)
Different tax rate in foreign jurisdiction	705,912	618,097	-	-
Income not subject to tax	313,859	258,270	3,519,399	7,579,294
Expenses not deductible for tax purposes	(1,329,720)	(4,612,182)	(232,929)	(99,090)
Effect of real property gains tax	(89,710)	-	-	-
	(8,258,926)	(5,487,885)	(58,000)	(6,000)
(Under)/Over provision in prior year	(1,095,333)	604,801	347	(214)
	(9,354,259)	(4,883,084)	(57,653)	(6,214)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



27. EARNINGS PER SHARE

GROUP

(a) Basic earnings per share

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

	2021 RM	2020 RM
Profit attributable to owners of the Company (RM)	<u>23,392,685</u>	<u>2,417,207</u>
Weighted average number of ordinary shares	<u>288,569,981</u>	<u>293,084,290</u>
Basic earnings per share (sen)	<u>8.11</u>	<u>0.82</u>

(b) Diluted earnings per share

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

	2021 RM	2020 RM
In respect of financial year ended 30 June 2021:		
- An interim single tier dividend of 1.50 sen per ordinary share	4,307,407	-
In respect of financial year ended 30 June 2020:		
- An interim single tier dividend of 1.50 sen per ordinary share	-	4,357,504
In respect of financial year ended 30 June 2019:		
- Second interim single tier dividend of 3.35 sen per ordinary share	-	<u>9,835,160</u>
	<u>4,307,407</u>	<u>14,192,664</u>

On 15 September 2021, the Company has declared a single tier second interim dividend of RM0.018 per ordinary share amounting to RM5,156,431 in respect of the financial year ended 30 June 2021 and payable on 26 November 2021. The financial statements for the current financial year do not reflect these declared dividends. Such dividends will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 30 June 2022.

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.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

29. SEGMENTAL INFORMATION (CONT'D)

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.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year and previous financial year.

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities and unallocated liabilities.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



29. SEGMENTAL INFORMATION (CONT'D)

By business segment

	Fastening products RM	Wire products RM	Investment holding RM	Elimination RM	Note	Total RM
2021						
Revenue						
External sales	352,293,297	139,361,917	-	-		491,655,214
Inter-segment sales	-	-	22,633,014	(22,633,014)	A	-
Total revenue	352,293,297	139,361,917	22,633,014	(22,633,014)		491,655,214
Results						
Segment result	20,828,969	14,180,823	(683,799)	-		34,325,993
Interest income						1,811,599
Interest expense						(3,390,648)
Profit before tax						32,746,944
Taxation						(9,354,259)
Profit for the financial year						<u>23,392,685</u>
Assets						
Segment assets	555,681,174	141,009,826	11,500,303	-		708,191,303
Deferred tax assets						136,532
Current tax assets						<u>6,563,516</u>
Total assets						<u>714,891,351</u>
Liabilities						
Segment liabilities	80,983,679	43,755,249	333,264	-		125,072,192
Deferred tax liabilities						8,379,151
Current tax liabilities						<u>1,008,989</u>
Total liabilities						<u>134,460,332</u>
Other segment information						
Additions to non-current assets	10,503,641	437,859	-	-	B	10,941,500
Depreciation						
- property, plant and equipment	9,564,556	3,834,935	-	-		13,399,491
- investment properties	88,392	-	-	-		88,392
- right-of-use asset	262,015	-	-	-		262,015
Non-cash expenses other than depreciation	4,731,769	247,256	-	-	C	4,979,025

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

29. SEGMENTAL INFORMATION (CONT'D)

By business segment

	Fastening products RM	Wire products RM	Investment holding RM	Elimination RM	Note	Total RM
2020						
Revenue						
External sales	436,337,738	98,569,903	-	-		534,907,641
Inter-segment sales	-	-	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						
Segment result	4,629,896	1,522,266	(198,589)	-		5,953,573
Interest income						3,760,717
Interest expense						<u>(2,413,999)</u>
Profit before tax						7,300,291
Taxation						<u>(4,883,084)</u>
Profit for the financial year						<u>2,417,207</u>
Assets						
Segment assets	542,108,197	92,624,994	32,585,595	-		667,318,786
Current tax assets						<u>11,226,176</u>
Total assets						<u>678,544,962</u>
Liabilities						
Segment liabilities	89,064,512	11,059,691	330,844	-		100,455,047
Deferred tax liabilities						<u>9,327,725</u>
Total liabilities						<u>109,782,772</u>
Other segment information						
Additions to non- current assets	17,316,824	1,489,467	-	-	B	18,806,291
Depreciation						
- property, plant and equipment	9,117,362	3,842,296	-	-		12,959,658
- investment properties	88,393	-	-	-		88,393
- right-of-use asset	65,504	-	-	-		65,504
Non-cash expenses/ (income) other than depreciation	19,777,128	(121,781)	-	-	C	19,655,347

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

29. SEGMENTAL INFORMATION (CONT'D)

Notes to segmental information:

- A Inter-segment revenues are eliminated on consolidation.
- B Additions to non-current assets consist of total costs incurred to acquire property, plant and equipment and investment properties. It excludes the additions of right-of-use assets, financial instruments and deferred tax assets.
- C Other non-cash expenses/(income) other than depreciation consist of the following items:

	2021 RM	2020 RM
Allowance for expected credit losses on trade receivables:		
- Addition	5,762,625	19,198,723
- Reversal	(229,163)	(600,122)
Gain on disposal of property, plant and equipment	(853,301)	(50,500)
Inventories written down:		
- Addition	-	520,933
- Reversal	(851,846)	-
Inventories written off	137,940	-
Property, plant and equipment written off	555	184,955
Unrealised loss on foreign exchange	1,012,215	401,358
	4,979,025	19,655,347

Geographical Segments

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

	Revenue		Non-current assets	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysia	156,570,263	251,646,571	119,430,123	101,149,248
Vietnam	2,940,489	3,330,692	67,320,638	66,834,327
North America	140,856,281	120,786,002	-	-
Europe	137,679,971	96,206,843	-	-
Other Asia Pacific countries	44,730,347	55,984,404	-	-
Others	8,877,863	6,953,129	-	-
	491,655,214	534,907,641	186,750,761	167,983,575

Information about major customers

Total revenue from 1 (2020: 2) major customers which individually contributed to 10% or more of the Group's revenue amounted to **RM98,756,879** (2020: RM233,334,101), arising from the fastening products division.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

30. CAPITAL COMMITMENTS

	GROUP	
	2021	2020
	RM	RM
Approved but not provided for:		
- Property, plant and equipment	<u>1,945,171</u>	<u>6,601,103</u>

31. RELATED PARTY DISCLOSURES

(i) Identity of related parties

The Group and the Company have related parties relationship with its subsidiaries, key management personnel and the following parties:

Related parties	Relationship
Ghazi & Lim	A solicitor firm in which a director of the Company, Mr. Lim Chien Ch'eng, has financial interest.
Jinn Her Enterprise Co., Ltd.	A company in which the directors of the Company, Mr. Tsai Yung Chuan, Madam Tsai Chang Hsiu Hsiang and Ms. Tsai Chia Ling, have financial interest.
Jiuh Yang Metal Industry Sdn. Bhd.	A company in which a director of the Company, Mr. Tsai Yung Chuan, has financial interest.

(ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2021	2020	2021	2020
	RM	RM	RM	RM
Purchase of goods from				
- Jinn Her Enterprise Co., Ltd.	2,484,608	-	-	-
- Jiuh Yang Metal Industry Sdn. Bhd.	3,668,394	-	-	-
Gross dividend income from subsidiaries	-	-	14,458,509	30,649,163
Interest income from a subsidiary	-	-	237,475	-
Professional fee paid to Ghazi & Lim	<u>73,735</u>	<u>5,300</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



31. RELATED PARTY DISCLOSURES (CONT'D)

(iii) 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 is as follows:

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Fees	270,000	270,000	270,000	270,000
Short-term employee benefits	5,835,054	5,731,895	5,800	5,200
Defined contribution plan	281,672	285,081	-	-
	6,386,726	6,286,976	275,800	275,200
Analysed as:				
- Directors	5,664,686	5,596,583	275,800	275,200
- Other key management personnel	722,040	690,393	-	-
	6,386,726	6,286,976	275,800	275,200

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

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

	Carrying amount RM	AC RM
GROUP		
2021		
Financial assets		
Trade receivables	81,998,533	81,998,533
Other receivables and refundable deposits	24,185,677	24,185,677
Cash and bank balances	85,815,122	85,815,122
	191,999,332	191,999,332
Financial liabilities		
Trade payables	23,584,488	23,584,488
Other payables and accruals	10,401,862	10,401,862
Borrowings	89,357,045	89,357,045
	123,343,395	123,343,395

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM
2020		
Financial assets		
Trade receivables	103,229,475	103,229,475
Other receivables and refundable deposits	1,544,296	1,544,296
Cash and bank balances	110,321,732	110,321,732
	<u>215,095,503</u>	<u>215,095,503</u>
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
	<u>97,890,968</u>	<u>97,890,968</u>

COMPANY

2021

Financial assets

Refundable deposits	4,500	4,500
Amount due from subsidiaries	20,873,456	20,873,456
Cash and bank balances	11,280,461	11,280,461
	<u>32,158,417</u>	<u>32,158,417</u>

Financial liability

Other payables and accruals	<u>299,343</u>	<u>299,343</u>
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2020

Financial assets

Refundable deposits	4,500	4,500
Amount due from subsidiaries	210,979	210,979
Cash and bank balances	25,963,656	25,963,656
	<u>26,179,135</u>	<u>26,179,135</u>

Financial liability

Other payables and accruals	<u>295,894</u>	<u>295,894</u>
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NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

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 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 receivables whilst the Company's exposure to credit risk arises principally from advances to its subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries

32.3.1 Trade receivables

The Group extends credit terms to customers that range between 30 to 120 days. Credit terms extended to its customers is based on careful evaluation on the customers' financial condition and payment history. Receivables are monitored on an ongoing 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.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group at the end of the reporting period is as follows:

	Gross RM	Allowance for expected credit losses RM	Net RM
GROUP			
2021			
Not past due	51,785,688	-	51,785,688
1 to 30 days past due	14,864,851	-	14,864,851
31 to 60 days past due	5,630,011	-	5,630,011
More than 60 days past due	9,717,983	-	9,717,983
Impaired	30,212,845	-	30,212,845
	24,876,491	(24,876,491)	-
	106,875,024	(24,876,491)	81,998,533

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (cont'd)

32.3.1 Trade receivables (cont'd)

	Gross RM	Allowance for expected credit losses RM	Net RM
2020			
Not past due	55,755,185	-	55,755,185
1 to 30 days past due	22,358,676	-	22,358,676
31 to 60 days past due	12,239,316	-	12,239,316
More than 60 days past due	12,876,298	-	12,876,298
	47,474,290	-	47,474,290
Impaired	19,343,029	(19,343,029)	-
	<u>122,572,504</u>	<u>(19,343,029)</u>	<u>103,229,475</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.

The Group has trade receivables amounting to **RM30,212,845** (2020: RM47,474,290) that are past due but not impaired as at the end of the reporting period as the management is of the view that these debts will be collected in due course.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2020: 3 customers), representing **17%** (2020: 58%) of the total trade receivables.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)



32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (cont'd)

32.3.1 Trade receivables (cont'd)

Maximum exposure to credit risk (cont'd)

	Gross RM	Allowance for expected credit losses RM	Net RM
GROUP			
2021			
Low risk	81,998,533	-	81,998,533
Individually impaired	<u>24,876,491</u>	<u>(24,876,491)</u>	<u>-</u>
	<u>106,875,024</u>	<u>(24,876,491)</u>	<u>81,998,533</u>
2020			
Low risk	103,229,475	-	103,229,475
Individually impaired	<u>19,343,029</u>	<u>(19,343,029)</u>	<u>-</u>
	<u>122,572,504</u>	<u>(19,343,029)</u>	<u>103,229,475</u>

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided for the low risk customers during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

32.3.2 Intercompany balances

The Company provides advances to its subsidiaries and monitors their results regularly.

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

As at the end of the reporting period, there was no indication that the advances to its subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Credit risk (cont'd)

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 **RM289,444,591** (2020: RM283,547,091), of which the amount utilised as at the end of the reporting period was **RM89,357,045** (2020: RM70,344,199), representing the credit risk exposure to the Company as at that date.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

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.

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 years and less than five years RM
GROUP				
2021				
<i>Non-derivative financial liabilities</i>				
Trade payables	23,584,488	23,584,488	23,584,488	-
Other payables and accruals	10,401,862	10,401,862	10,401,862	-
Borrowings	89,357,045	89,357,045	89,357,045	-
Lease liability	750,522	825,000	300,000	525,000
	124,093,917	124,168,395	123,643,395	525,000
2020				
<i>Non-derivative financial liabilities</i>				
Trade payables	19,680,775	19,680,775	19,680,775	-
Other payables and accruals	7,865,994	7,865,994	7,865,994	-
Borrowings	70,344,199	70,344,199	70,344,199	-
Lease liability	990,553	1,125,000	300,000	825,000
	98,881,521	99,015,968	98,190,968	825,000

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM
COMPANY			
2021			
<i>Non-derivative financial liabilities</i>			
Other payables and accruals	299,343	299,343	299,343
* Financial guarantees	-	89,357,045	89,357,045
	<u>299,343</u>	<u>89,656,388</u>	<u>89,656,388</u>
2020			
<i>Non-derivative financial liabilities</i>			
Other payables and accruals	295,894	295,894	295,894
* Financial guarantees	-	70,344,199	70,344,199
	<u>295,894</u>	<u>70,640,093</u>	<u>70,640,093</u>

* The financial guarantees are included for illustration purpose only as they have not crystallised as at the end of the reporting period.

32.5 Interest rate risk

The Group's and the Company's fixed rate instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group and the Company do not have any floating rate instruments.

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

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rate instruments				
Financial assets	53,308,285	79,386,589	10,776,821	25,959,468
Financial liabilities	<u>89,357,045</u>	<u>70,344,199</u>	<u>-</u>	<u>-</u>

Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group and the Company do not 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.6 Foreign currency risk

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

The Group is exposed to foreign currency risk mainly 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 bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar and Euro.

Sensitivity analysis for foreign currency risk

The following table 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 tax. A 10% strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) profit before tax by the amount shown below and a corresponding strengthening 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.

	GROUP		COMPANY	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar	2,256,440	(3,032,709)	(98)	(148)
Euro	(589,119)	(482,543)	-	-
Increase/(decrease) in profit before tax	<u>1,667,321</u>	<u>(3,515,252)</u>	<u>(98)</u>	<u>(148)</u>

33. FAIR VALUE MEASUREMENT

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company as at the end of the reporting period approximate their fair values due to their short-term nature.

34. CAPITAL MANAGEMENT

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

The Group and the Company manage their capital structure and make adjustments to it in the light of changes in economic conditions or expansion of the Group and the Company. The Group and the Company 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 and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

34. CAPITAL MANAGEMENT (CONT'D)

	GROUP	
	2021	2020
	RM	RM
Total borrowings	89,357,045	70,344,199
Less: Cash and banks balances	(85,815,122)	(110,321,732)
Net debt/(Net cash)	<u>3,541,923</u>	<u>(39,977,533)</u>
Total equity	<u>580,431,019</u>	<u>568,762,190</u>
Gearing ratio	<u>0.01</u>	<u>N/A¹</u>

¹N/A – Not applicable as net cash position

35. SIGNIFICANT EVENT

The World Health Organisation declared the 2019 Novel Coronavirus (“COVID-19”) outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restrictions, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and the Group’s oversea market.

The persistent uncertainties and slow recovery in Europe from the COVID-19 pandemic had dampened the global economy growth and trade sentiment in the region. In view of the unstable market situation, the wholesalers in Europe, being the Group’s major customers, have taken steps to control their inventory level, which has resulted in lower export to Europe in the first half of the current financial year. The lockdown of the destination port in oversea and the shortage of international vessels had further delayed our export deliveries. Various phases of MCO being imposed by the Malaysia government since 18 March 2020 had negatively impacted local business activities. The Group’s manufacturing plants in Malaysia can only operate at certain capacity following the guidelines during the MCO period. The local sales of the Group has either been postponed or reduced accordingly.

The Group will monitor the development closely and implement proactive measures to control the costs and to streamline its operations in order to mitigate the negative impact arising therefrom.

36. EVENT AFTER THE REPORTING PERIOD

On 25 October 2021, a subsidiary of the Company, Chin Well Service Centre Sdn. Bhd. (“CWSC”) entered into a Conditional Settlement Agreement with NBH Service Centre Sdn. Bhd. (“NBHSC”), Ng Beng Hoo (sole director and shareholder of NBHSC) and Toh Su See (spouse of Ng Beng Hoo) in order to recover an outstanding trade nature amount of RM47,683,245. Pursuant to the Conditional Settlement Agreement, Toh Su See will transfer her 45% and 44.999% equity interest in Jadi Raya Development Sdn. Bhd. (“Jadi Raya”) and NBH Realty Sdn. Bhd. (“NBH Realty”) respectively to CWSC, and Ng Beng Hoo will transfer his 0.001% equity interest in NBH Realty to CWSC. Both Jadi Raya and NBH Realty own freehold lands respectively. The freehold lands are planned to be either disposed of or developed on a joint venture basis in the future in order to recover the abovementioned outstanding trade nature amount.

The Conditional Settlement Agreement, is subject to the approval of the Company’s shareholders at an Extraordinary General Meeting to be convened.



NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021 (CONT'D)

37. COMPARATIVE FIGURES

The financial statements of the Group have been retrospectively restated due to the omission of transfer of foreign currency translation reserve to retained profits and classification of property, plant and equipment to the investment properties in the prior financial year.

The effects of the above reclassifications to the financial statements of the Group are as follows:

	As previously stated RM	Reclassifications RM	As restated RM
GROUP			
Statements of financial position			
30 June 2020			
Property, plant and equipment	162,277,846	(706,078)	161,571,768
Investment properties	4,723,172	706,078	5,429,250
Foreign currency translation reserve	37,297,056	(31,499,076)	5,797,980
Retained profits	<u>368,836,817</u>	<u>31,499,076</u>	<u>400,335,893</u>
1 July 2019			
Property, plant and equipment	154,281,738	(727,168)	153,554,570
Investment properties	4,790,475	727,168	5,517,643
Foreign currency translation reserve	28,990,630	(31,499,076)	(2,508,446)
Retained profits	<u>380,612,274</u>	<u>31,499,076</u>	<u>412,111,350</u>

PROPERTIES OF THE GROUP

30 JUNE 2021

No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2021 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, 24 years 700 sq. ft./ 65.03 sq.m. per block	279,594	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, 28 years 1,242. sq. ft./ 115.38 sq.m. per unit	257,990	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, 28 years 1,514. sq. ft./ 140.65 sq.m. per unit	61,725	1990
4.	105, Lebu 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, 28 years 18,897.75 sq. ft./ 1,400 sq.m.	420,783	1991
5.	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, 24 years, 391,963.63 sq. ft./ 36,414.32 sq.m.	22,371,932	1995
6.	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 26 years, 5,610 sq. ft./ 521.18 sq.m.	287,421	1992
7.	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 26 years, 8,282 sq. ft./ 769.41 sq.m.	397,563	1992

PROPERTIES OF THE GROUP (CONT'D)

30 JUNE 2021

No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2021 RM	Year of Acquisition/ Valuation
8.	4 Jalan Sungai Kayu Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Industrial Land with Factory	Freehold	105,803 sq. ft.	Rental, 17 years, 35,075.45 sq. ft./ 3,259.80 sq.m.	4,235,091	2003
9.	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 11 years, 103,899 sq. ft./ 9,653 sq.m.	3,792,271	2010
10.	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 25 years, 290,748 sq. ft./ 27,011 sq.m.	13,997,187	2001
11.	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, 17 years, 171,772.80 sq.m.	38,570,438	2004
12.	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, 6 years	520,000	2014
13.	4, Jalan Sungai Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Auto-Warehouse	Freehold	105,803 sq. ft.	Vacant Warehouse 2 year 25,616 sq. ft./ 2,379 sq.m.	3,789,586	2020
Total						88,981,581	

ANALYSIS OF SHAREHOLDINGS

AS AT 11 OCTOBER 2021



Total number of issued shares : 286,463,368 ordinary shares
 Voting right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	25	764	0.00
100 to 1,000	409	285,994	0.10
1,001 to 10,000	2,080	9,634,450	3.36
10,001 to 100,000	731	21,969,900	7.67
100,001 shares to less than 5% of issued shares	96	63,980,414	22.34
5% and above of issued shares	2	190,591,846	66.53
TOTAL		286,463,368	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	56.66	-	-
Quintet Luxembourg for Samarang Ucits – Samarang Asian Prosperity	28,285,000	9.87	-	-
Tsai Yung Chuan	-	-	162,306,846 ^(N1)	56.66
Tsai Chia Ling	838,400	0.29	162,306,846 ^(N1)	56.66
Tsai Cheng Hsun	-	-	162,306,846 ^(N1)	56.66
Tsai Chia Wen	-	-	162,306,846 ^(N1)	56.66

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)	56.66
Tsai Chang Hsiu-Hsiang	-	-	-	-
Lim Chien Ch'eng	6,009,650	2.10	1,765,314 ^(N2)	0.62
Tsai Chia Ling	838,400	0.29	162,306,846 ^(N1)	56.66
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 (CONT'D)

AS AT 11 OCTOBER 2021 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

	Name	Shareholdings	%
1.	BENUA HANDAL SDN BHD	162,306,846	56.66
2.	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	28,285,000	9.87
3.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	6,885,700	2.40
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD	6,140,300	2.14
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR LIM CHIEN CH'ENG (PB)	5,973,400	2.09
6.	YAYASAN GURU TUN HUSSEIN ONN	5,004,500	1.75
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING YAW	4,120,900	1.44
8.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEH WIN KEE (8106483)	2,215,100	0.77
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,850,000	0.65
10.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. BENEFICIARY : INDRA CEMPAKA SDN BHD (P8011)	1,765,314	0.62
11.	CHIN CHIN SEONG	1,760,000	0.61
12.	AMBANK (M) BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SMART)	1,575,000	0.55
13.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	1,426,200	0.50
14.	CGS-CIMB NOMINEES (ASING) SDN BHD BENEFICIARY : EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,419,200	0.50
15.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,290,000	0.45
16.	CHIN CHIN SEONG	1,120,300	0.39
17.	WONG YOON TET	1,079,000	0.38
18.	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : TEH KIAK SENG	959,000	0.33
19.	TSAI CHIA LING	838,400	0.29
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	725,000	0.25
21.	KOO GIT LOO @ CHIU GIT LOO	684,300	0.24

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 11 OCTOBER 2021 (CONT'D)



LIST OF TOP 30 SHAREHOLDERS (CONT'D)

Name	Shareholdings	%
22. AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	650,000	0.23
23. SU MING YAW	628,300	0.22
24. DYNAQUEST SDN. BHD.	600,000	0.21
25. TSAI MING-TI	597,300	0.21
26. WONG YOON CHYUAN	563,000	0.20
27. TSAI PEI CHEN	527,000	0.18
28. LO KEE LENG	478,000	0.17
29. CIMB GROUP NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR DBS BANK LTD (SFS)	450,700	0.16
30. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR HENG HUCK LEE (PENANG-CL)	435,400	0.15

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