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CHIN WELL HOLDINGS BERHAD

(Registration No. 199501042347 (371551-T))

(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PART A

PROPOSED SETTLEMENT OF AMOUNT OWING OF RM47,683,244.80 BY NBH SERVICE CENTRE SDN BHD TO CHIN WELL SERVICE CENTRE SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF CHIN WELL HOLDINGS BERHAD (“CHIN WELL” OR “COMPANY”) (“PROPOSED SETTLEMENT”)

PART B

INDEPENDENT ADVICE LETTER FROM AFFIN HWANG INVESTMENT BANK BERHAD TO THE NON-INTERESTED SHAREHOLDERS OF CHIN WELL IN RELATION TO THE PROPOSED SETTLEMENT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Adviser for Part B



AFFIN HWANG INVESTMENT BANK BERHAD (Registration No.: 197301000792 (14389-U))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting (“**EGM**”) of the Company will be held fully virtual through live streaming and online participation and voting using Remote Participation and Voting (“**RPV**”) facilities via the online meeting platform at <https://bit.ly/3ozkvGm> provided by Bina Management (M) Sdn Bhd in Malaysia (Domain registration number 57236023) on Friday, 28 January 2022 at 11.30 am or immediately after the conclusion or adjournment of the 25th Annual General Meeting (“**AGM**”) of the Company to be held on the same date at 10.30 am, whichever is later. The Notice of EGM together with the Proxy Form and the Letter to Shareholders and Administrative Guide are available on the Company’s website at <https://www.chinwell.com.my> and/or Bursa Malaysia Securities Berhad’s website at <https://www.bursamalaysia.com>.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy or proxies to attend and to vote remotely via the RPV facilities on his/her behalf. If you decide to appoint a proxy to attend and vote remotely on your behalf at the EGM, you have to complete and deposit the Proxy Form at the registered office of the Company at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang, not less than 48 hours before the time for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The lodging of the Proxy Form shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Wednesday, 26 January 2022 at 11.30 am

Date and time of the EGM : Friday, 28 January 2022 at 11.30 am or immediately after the conclusion or adjournment of the 25th AGM of the Company to be held on the same date at 10.30 am, whichever is later

This Circular is dated 12 January 2022

DEFINITIONS

Except where the context otherwise requires, the following terms and abbreviations shall apply throughout this Circular:

45% Jadi Raya	:	45% equity interest in Jadi Raya to be transferred by TSS, which forms part of the Transfer Amount
45% NBH Realty	:	44.999% and 0.001% equity interest in NBH Realty to be transferred by TSS and NBH respectively, which form part of the Transfer Amount
Act	:	Companies Act 2016
Affin Hwang IB or Independent Adviser	:	Affin Hwang Investment Bank Berhad (Registration No.: 197301000792 (14389-U)), being the independent adviser for the Proposed Settlement
AGM	:	Annual General Meeting
Amal Pintas	:	Amal Pintas Sdn Bhd (Registration No.: 199501002898 (332092-U))
Amount Owing	:	RM47,683,244.80 due from NBHSC to CWSC to be settled by way of the Transfer Amount and Balance Amount
Balance Amount	:	Balance of the Amount Owing of RM20,001,970.21, which shall be settled by NBHSC in the manner as stated in Section 7, Appendix I of this Circular
Benua Handal	:	Benua Handal Sdn Bhd (Registration No.: 201101042776 (970896-P))
Board	:	The Board of Directors of Chin Well
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
CBRE WTW or Valuer	:	C H Williams Talhar & Wong Sdn Bhd (Registration No.: 197401001098 (18149-U)), a firm of independent registered valuer for the Lands
Circular	:	This circular to the shareholders of Chin Well in relation to the Proposed Settlement dated 12 January 2022
Chin Well or Company	:	Chin Well Holdings Berhad (Registration No.: 199501042347 (371551-T))
Chin Well Group or Group	:	Chin Well and its subsidiaries, collectively
Chin Well Share(s) or Share(s)	:	Ordinary share(s) in Chin Well
Completion Date	:	Seven (7) days from the Unconditional Date or any other date the Parties may agree in writing as stated in Section 5, Appendix I of this Circular
CWSC	:	Chin Well Service Centre Sdn Bhd (Registration No.: 199701007063 (422559-H))

DEFINITIONS (CONT'D)

CWSC Suppliers	:	Lifomax, NHJ Marketing and Novamas, collectively
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per Share
FYE	:	Financial year ended/ending, as the case may be
IAL	:	Independent advice letter from Affin Hwang IB in relation to the Proposed Settlement
Interested Directors	:	Lim Chien Ch'eng, Tsai Chang Hsiu-Hsiang, Tsai Chia Ling and Tsai Yung Chuan, collectively
Interested Major Shareholders	:	Benua Handal, Tsai Yung Chuan, Tsai Chia Ling, Tsai Chia Wen and Tsai Cheng Hsun
Jadi Raya	:	Jadi Raya Development Sdn Bhd (Registration No.: 201301030508 (1060338-H))
Lands	:	Lot 41346 and Lot 41347, collectively
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Lifomax	:	Lifomax Woodbuild Sdn Bhd (Registration No.: 200101021926 (557684-M))
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
Lot 41346	:	A piece of residential land held under GRN 339082 (formerly GRN 93472), Lot 41346 Section 20 (formerly Lot 27507 Section 20), Bandar Serendah, District of Ulu Selangor, Selangor
Lot 41347	:	A piece of residential land held under GRN 339090 (formerly GRN 34719), Lot 41347 Section 20 (formerly Lot 4460), Bandar Serendah, District of Ulu Selangor, Selangor
LPD	:	31 December 2021, being the latest practicable date prior to the printing of this Circular
NA	:	Net assets
NBH	:	Ng Beng Hoo
NBH Marketing	:	NBH Marketing Sdn Bhd (Registration No.: 199701002608 (418104-A))
NBH Realty	:	NBH Realty Sdn Bhd (Registration No.: 201101023584 (951720-P))
NBHSC	:	NBH Service Centre Sdn Bhd (Registration No.: 201901031485 (1340815-W))
NHJ Marketing	:	NHJ Marketing Sdn Bhd (Registration No.: 200501013688 (690735-P))
NL	:	Net liabilities

DEFINITIONS (CONT'D)

Novamas	:	Novamas Enterprise Sdn Bhd (Registration No.: 200201010951 (578614-A))
Parties	:	NBHSC, NBH and TSS
PBT	:	Profit before taxation
Period	:	A period of five (5) years upon the Completion Date or such extended period agreed upon by CWSC for NBHSC to settle the Balance Amount in the manner as stated in Section 7, Appendix I of this Circular
Proposed Settlement	:	Proposed settlement of the Amount Owing by NBHSC to CWSC, a wholly-owned subsidiary of Chin Well
RM and sen	:	Ringgit Malaysia and sen, respectively
Settlement Agreement	:	The conditional settlement agreement dated 25 October 2021 entered into between CWSC and the Parties in relation to the Proposed Settlement
Sunergy	:	Sunergy Sdn Bhd (Registration No.: 198301016655 (112064-V))
Transfer Amount	:	45% NBH Realty, 45% Jadi Raya and TSS Advances, collectively
TSS	:	Toh Su See
TSS Advances	:	Advances made by TSS to NBH Realty and Jadi Raya respectively, amounting to RM25,895,780.52, which forms part of the Transfer Amount
Valuation Report	:	The valuation report prepared by the Valuer dated 5 October 2021 to assess the market value of the Lands

Any reference to “we”, “us”, “our” and “ourselves” are to the Company, and where the context otherwise requires, our subsidiaries. All references to “you” are to the shareholders of the Company.

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

Any reference in this Circular to any statutes, rules, regulations or rules of the stock exchange is a reference to such statutes, rules, regulations or rules of the stock exchange currently in force and as may be amended from time to time and any re-enactment thereof.

Any reference to a time or date in this Circular shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancy in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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TABLE OF CONTENTS

PART A	PAGE
EXECUTIVE SUMMARY	vi
LETTER TO THE SHAREHOLDERS OF CHIN WELL IN RELATION TO THE PROPOSED SETTLEMENT	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED SETTLEMENT	2
3. RATIONALE AND BENEFITS OF THE PROPOSED SETTLEMENT	10
4. INDUSTRY OVERVIEW AND PROSPECTS	12
5. RISK FACTORS	15
6. EFFECTS OF THE PROPOSED SETTLEMENT	16
7. APPROVALS REQUIRED	16
8. HIGHEST PERCENTAGE RATIO	16
9. CONDITIONALITY	16
10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM	17
11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION	18
12. TRANSACTIONS WITH RELATED PARTY FOR THE PAST TWELVE (12) MONTHS	18
13. INDEPENDENT ADVISER	19
14. DIRECTORS' STATEMENT AND RECOMMENDATION	19
15. AUDIT COMMITTEE'S STATEMENT	19
16. ESTIMATED TIMEFRAME FOR COMPLETION	20
17. EGM	20
18. FURTHER INFORMATION	20
PART B	
INDEPENDENT ADVICE LETTER FROM AFFIN HWANG IB TO THE NON-INTERESTED SHAREHOLDERS OF CHIN WELL IN RELATION TO THE PROPOSED SETTLEMENT	21
APPENDICES	
I SALIENT TERMS OF THE SETTLEMENT AGREEMENT	54

TABLE OF CONTENTS (CONT'D)

II(A)	INFORMATION ON NBH REALTY	59
II(B)	INFORMATION ON JADI RAYA	83
III	VALUATION CERTIFICATE	106
IV	FURTHER INFORMATION	114
	NOTICE OF EGM	ENCLOSED
	PROXY FORM	ENCLOSED

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PART A

**LETTER TO THE SHAREHOLDERS OF CHIN WELL IN RELATION TO THE
PROPOSED SETTLEMENT**

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE PROPOSED SETTLEMENT. YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR WITHOUT RELYING SOLELY ON THIS EXECUTIVE SUMMARY BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

Key information	Summary	Reference to this Circular
Summary of the Proposed Settlement	<p>The Proposed Settlement involves the settlement of the Amount Owing in the following manner:</p> <p>(i) Transfer Amount by way of the following:</p> <p>(a) transfer of 45% NBH Realty which is valued at RM1,686,979.17;</p> <p>(b) transfer of 45% Jadi Raya which is valued at RM98,514.90; and</p> <p>(c) assignment of the TSS Advances to CWSC which amounts to RM25,895,780.52; and</p> <p>(ii) Balance Amount will remain outstanding upon the Completion Date and shall be settled by NBHSC over the Period in the manner as stated in Section 7, Appendix I of this Circular.</p> <p>On the Completion Date, NBH Realty and Jadi Raya will become 45%-owned subsidiaries of the Company via CWSC pursuant to Section 4(1)(a) of the Act as the Company will control the composition of the majority of the board of directors of NBH Realty and Jadi Raya.</p> <p>By entering into the Settlement Agreement and on the Completion Date which is estimated to take less than seven (7) months, the Transfer Amount is settled (without having to sell the Lands and without having to repay the TSS Advances) and the amount remaining outstanding is only the Balance Amount.</p>	Section 2
Basis and justification for arriving at the Transfer Amount and Balance Amount	<p>The Transfer Amount and Balance Amount were arrived on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:</p> <p>(i) Transfer Amount</p> <p>(a) 45% of the adjusted NA of NBH Realty as at 31 December 2020 amounting to RM1,686,979.17;</p> <p>(b) 45% of the adjusted NA of Jadi Raya as at 31 December 2020 amounting to RM98,514.90; and</p> <p>(c) the TSS Advances amounting to RM25,895,780.52, being the aggregate amount owing by NBH Realty and Jadi Raya to TSS, as at the date of the Settlement Agreement;</p>	Section 2.6

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
	<p>(ii) Balance Amount represents the Amount Owing after deducting the Transfer Amount. This amount will remain outstanding upon the Completion Date and shall be settled over the Period in the manner as stated in Section 7, Appendix I of this Circular; and</p> <p>(iii) the rationale and benefits of the Proposed Settlement as stated in Section 3, Part A of this Circular.</p>	
Rationale and benefits of the Proposed Settlement	<p>(i) Upon obtaining legal advice and after considering various options (including initiating legal action against NBHSC) to recover the Amount Owing, the Board is of the opinion that the Proposed Settlement is in the best interest of the Company and is a more effective recovery method. In addition, the Proposed Settlement is expected to be less time consuming as compared to pursuing a litigation process against NBHSC.</p> <p>(ii) By undertaking the Proposed Settlement, there will be no further provision and/or impairment needed to be incurred by Chin Well Group in relation to the Amount Owing.</p> <p>(iii) If the Group is able to sell the Lands above the market value as appraised by CBRE WTW in subsequent years, the Group may then be able to recover part or all of the Balance Amount and this is also expected to improve the Group's financial position and cash flow position.</p> <p>(iv) The Group may also consider developing the Lands should any joint venture opportunities arise and will take into consideration factors, amongst others, property market conditions and anticipated return on investment. If the Group is able to develop the Lands via joint ventures in the future, this is also expected to improve the Group's financial position.</p>	Section 3
Risk Factors	<p>The following are the risk factors that may arise from or are associated with the Proposed Settlement:</p> <p>(i) Non-completion risk;</p> <p>(ii) Uncertainty on the recoverability of the Balance Amount and TSS Advances in cash; and</p> <p>(iii) Impact of COVID-19 pandemic on market value of the Lands.</p>	Section 5

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Effects of the Proposed Settlement	<p>The effects of the Proposed Settlement are as follows:</p> <ul style="list-style-type: none"><li data-bbox="521 427 1203 546">(i) The Proposed Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company as the Proposed Settlement does not involve Chin Well Shares.<li data-bbox="521 580 1203 759">(ii) The Proposed Settlement is not expected to have a material pro forma effect on the NA, NA per Share and gearing of the Group based on its latest audited consolidated statement of financial position as at 30 June 2021, assuming that the Proposed Settlement had been effected as at 30 June 2021.<li data-bbox="521 794 1203 1097">(iii) The Proposed Settlement is not expected to have any material effect on the earnings of the Group for the FYE 30 June 2021 assuming that the Proposed Settlement had been effected at the beginning of FYE 30 June 2021. On the Completion Date, there will only be a reversal of provision for unwinding interest of approximately RM2.62 million which will be recognised as other income in the audited consolidated financial statements of Chin Well over a period of five (5) years. <p>The Proposed Settlement is expected to contribute positively to the future earnings and EPS of the Chin Well Group should NBH Realty and Jadi Raya be able to sell the Lands above the current market value as appraised by CBRE WTW in the future.</p> <p>However, should NBH Realty and Jadi Raya decide to develop the Lands via joint ventures, it is expected to contribute positively to the future earnings and EPS of the Chin Well Group when the development of the Lands is realised.</p> <p>In the event the Lands are valued at above the current market value as appraised by the Valuer for a disposal or property development joint venture, there will also be a reversal of allowance for credit loss of up to approximately RM20.19 million. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well at that juncture in the future.</p>	Section 6

EXECUTIVE SUMMARY (CONT'D)

Key information	Summary	Reference to this Circular
Interests of directors, major shareholders and/or persons connected with them	<p>Save for the Interested Directors and Interested Major Shareholders, none of the Directors, major shareholders of the Company and/or person connected with them have any interest, directly or indirectly, in the Proposed Settlement.</p> <p>Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings of Chin Well in relation to the Proposed Settlement. The Interested Directors and Interested Major Shareholders will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Chin Well on the resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM.</p>	Section 10
Directors' statement and recommendation	<p>The Board (save for the Interested Directors), after taking into consideration the evaluation of the Independent Adviser, is of the opinion that the Proposed Settlement is:</p> <ul style="list-style-type: none">(i) in the best interests of Chin Well Group;(ii) fair, reasonable and on normal commercial terms; and(iii) not detrimental to the interests of the non-interested shareholders of Chin Well. <p>Accordingly, the Board (save for the Interested Directors), after taking into consideration the salient terms of the Settlement Agreement, the rationale and benefits of the Proposed Settlement and the prospects of the Lands, effects of the Proposed Settlement and the evaluation of the Independent Adviser, recommends that the shareholders of Chin Well to VOTE IN FAVOUR of the resolution pertaining to the Proposed Settlement at the forthcoming EGM of the Company.</p>	Section 14

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

Registered Office:

51-21-A
Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 George Town
Penang

12 January 2022

Board of Directors:

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

To: The shareholders of the Company

Dear Sir/Madam,

PROPOSED SETTLEMENT

1. INTRODUCTION

On 25 October 2021, the Board had announced that CWSC, a wholly-owned subsidiary of Chin Well had, on even date, entered into the Settlement Agreement with the Parties in relation to the Proposed Settlement.

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as certain directors and/or major shareholders of Chin Well are deemed interested in the Proposed Settlement as detailed in Section 10, Part A of this Circular.

Based on the above, the Board (save for the Interested Directors) had, on 7 April 2021, appointed Affin Hwang IB as the Independent Adviser to advise the non-interested shareholders of the Company on, amongst others, whether the Proposed Settlement is fair and reasonable and whether the Proposed Settlement is detrimental to the non-interested shareholders of the Company.

Further details of the Proposed Settlement are set out in the ensuing sections.

THE PURPOSE OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES IS TO PROVIDE YOU WITH RELEVANT INFORMATION PERTAINING TO THE PROPOSED SETTLEMENT TOGETHER WITH THE RECOMMENDATION OF THE BOARD AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY. THE NOTICE OF THE EGM TOGETHER WITH THE PROXY FORM ARE SET OUT IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES, INCLUDING THE IAL AS SET OUT IN PART B OF THIS CIRCULAR, BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED SETTLEMENT

The Proposed Settlement involves the settlement of the Amount Owing in the following manner:

		Amount RM
(i) Transfer Amount	(a) By way of transfer of the following equity interests to CWSC:	
	• 45% NBH Realty	1,686,979.17
	• 45% Jadi Raya	98,514.90
	Please refer to Appendices II(A) and II(B) of this Circular for further details of NBH Realty and Jadi Raya.	
(b) By assignment of the TSS Advances to CWSC which comprises the advances made by TSS to:	• NBH Realty	18,399,754.41
	• Jadi Raya	7,496,026.11
	respectively, amounting to RM25,895,780.52	
		27,681,274.59
(ii) Balance Amount	The balance amount will remain outstanding upon the Completion Date and shall be settled by NBHSC over the Period	(1)20,001,970.21
Amount Owing		47,683,244.80

Note:

- (1) In the event the Lands are sold within the Period at an amount above RM62.00 million, being the current market value as appraised by the Valuer ("**Excess Sum**"), 45% of the Excess Sum shall be considered by CWSC as a set off by NBHSC of the Balance Amount.

For the avoidance of doubt, the Excess Sum cannot be quantified at this point in time. The Excess Sum shall mean the difference between the disposal price (if a disposal occurs in the future) and the current market value of the Lands as appraised by the Valuer of RM62.00 million.

The Period has been agreed between CWSC and the Parties and the Board is of the view that the Period of five (5) years would be a reasonable timeframe for the Group to realise the Excess Sum to settle the Balance Amount.

In the event that 45% of the Excess Sum is less than the Balance Amount and a shortfall occurs ("**Shortfall**"), NBHSC shall pay the Shortfall to CWSC by cash.

Please refer to Section 7, Appendix I of this Circular for further details.

The background of the Amount Owing is set out in Section 2.1 below.

On the Completion Date, the Company via CWSC will own 45% of NBH Realty and 45% of Jadi Raya. In addition, the majority of directors in NBH Realty and Jadi Raya upon the Completion Date will be represented by directors of the Company. As such, NBH Realty and Jadi Raya will become 45%-owned subsidiaries of CWSC pursuant to Section 4(1)(a) of the Act as the Company will control the composition of the majority of the board of directors of NBH Realty and Jadi Raya. Section 4(1)(a) of the Act states that, amongst others, if a company controls the composition of the board of directors of another company, that company shall be deemed a subsidiary. Further, the remaining shareholders of NBH Realty and Jadi Raya have agreed to allow CWSC to make all decisions regarding the Lands in accordance with the terms and conditions of the Settlement Agreement, including but not limited to:

- (i) the disposal of the Lands by way of a sale to any party; and/or
- (ii) the entry of any joint venture agreement with any party for the purpose of developing the Lands.

The TSS Advances were cash advances made by TSS to NBH Realty and Jadi Raya for the purpose of acquiring Lot 41346 (in 2013 and 2014) and Lot 41347 (in 2014) respectively and related expenses for the Lands. The TSS Advances are free of interest. TSS had via the Settlement Agreement agreed to assign these advances to CWSC i.e. NBH Realty and Jadi Raya will no longer owe TSS and instead owe CWSC.

The timeframe of disposing and/or entering of joint venture is subject to the property market condition at that point in time. Should CWSC decide to monetise the Lands via disposal and/or entering into a joint venture, NBH Realty and Jadi Raya will be able to pay back CWSC part or all of the TSS Advances depending on the disposal and/or joint venture value of the Lands.

In the event that the Lands are unable to be sold and/or no joint venture entered into, NBH Realty and Jadi Raya will continue owing the TSS Advances to CWSC on CWSC's company level financial statements. However, on Chin Well's group level financial statements this amount will be eliminated in the consolidated financial statements of Chin Well upon the Completion Date.

By entering into the Settlement Agreement and on the Completion Date, the Transfer Amount is settled (without having the Lands to be sold and TSS Advances not having to be repaid) and the amount remaining outstanding is only the Balance Amount.

The aggregate adjusted NA for 45% equity interest in NBH Realty and 45% equity interest in Jadi Raya, after taking into consideration the market value of the Lands as appraised by CBRE|WTW and assuming the TSS Advances have been assigned to CWSC, is approximately RM27.68 million. The amount of approximately RM27.68 million comprises approximately RM20.09 million for 45% equity interest in NBH Realty and approximately RM7.59 million for 45% equity interest in Jadi Raya. As such, the Transfer Amount is settled on the Completion Date.

The Balance Amount will remain outstanding on the Completion Date and shall be settled by NBHSC over the Period in the manner as stated in Section 7, Appendix I of this Circular. In the event that the Lands are unable to be sold within the Period, the Balance Amount will remain outstanding and CWSC will be able to claim the Balance Amount against NBHSC.

On the Completion Date, the Transfer Amount is settled pursuant to the Settlement Agreement (without having to sell the Lands). Further, the assignment of the TSS Advances (from TSS to CWSC) forms part of the Transfer Amount and this Transfer Amount is to partially offset the Amount Owing. The TSS Advances in NBH Realty and Jadi Raya are backed by the current market value of the Lands as appraised by the Valuer. Hence, the TSS Advances contribute now to the settlement of the Amount Owing, regardless of whether the TSS Advances are settled in cash in the future. For illustration purposes only, assuming the Lands are sold at RM62.00 million or above RM62.00 million, the Balance Amount will be settled as follows:

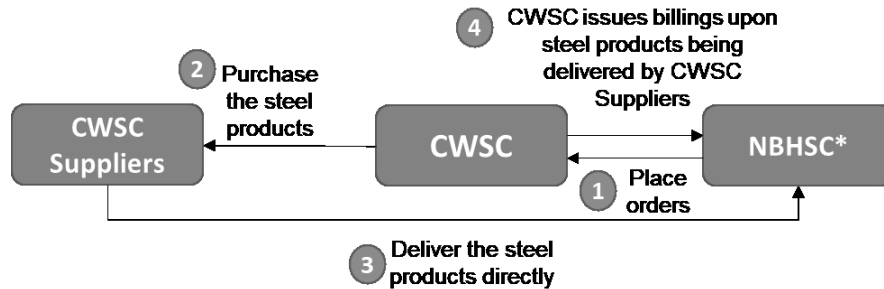
	In the event the Lands are sold at RM62.00 million	In the event the Lands are sold at RM106.45 million (i.e. above RM62.00 million)
Balance Amount	<ul style="list-style-type: none"> No Excess Sum The Balance Amount will remain outstanding 	<ul style="list-style-type: none"> Excess Sum = (RM106.45 million – RM62.00 million) x 45% = RM20.00 million The Balance Amount is fully settled

In the event the Lands are sold between RM62.00 million and RM106.45 million, the Balance Amount will not be fully settled and CWSC will be able to claim the remaining outstanding amount against NBHSC. However, in the event the Lands are sold above RM106.45 million, the Balance Amount is fully settled and the surplus shall belong absolutely to and be retained by CWSC.

2.1 Background of the Amount Owing

CWSC is principally involved in the trading of steel bars, screws, nuts, bolts and other fastening products.

The diagram below illustrates the past business arrangement between CWSC, CWSC Suppliers and NBHSC:



Note:

* NBHSC, its director and/or shareholder is not a person connected with the Directors and/or major shareholders of Chin Well.

Business arrangement:

- NBHSC places purchase orders with CWSC for the supply of steel products.
- In order to supply these steel products to NBHSC, CWSC places purchase orders with CWSC Suppliers.
- CWSC Suppliers delivers the steel products to NBHSC directly based on the instruction from CWSC.
- Upon CWSC Suppliers notifying of the delivery of the steel products to NBHSC and supporting it with acknowledged delivery order by NBHSC, CWSC will issue billings to NBHSC for payment of the supplied steel products.

NBH Marketing had been a customer of CWSC since 2015. At the request of NBH in October 2019, CWSC started trading with NBHSC instead of NBH Marketing. In relation to the above, NBH had given his personal guarantee as security to CWSC on behalf of NBHSC.

NBH and TSS are the directors and shareholders of NBH Marketing. NBH is the sole director and shareholder of NBHSC.

As at the LPD, there are no outstanding amount owing by NBH Marketing to CWSC for the supply of steel products.

CWSC has billed NBHSC the Amount Owing during the period between January 2020 to April 2020 for the supply of steel products. CWSC held further negotiations with NBHSC but this did not result in any indication of securing a payment of the Amount Owing from NBHSC. Subsequently, a reminder letter and a letter of demand were issued by the management of CWSC to NBHSC for the Amount Owing. However, NBHSC disputed the Amount Owing on the grounds that there was no actual delivery of the steel products by the CWSC Suppliers (“**Dispute**”). Arising from the Dispute and after obtaining legal advice, CWSC had on 8 December 2020 and 10 December 2020 commenced the following legal proceedings against the CWSC Suppliers:

- (i) the Kuala Lumpur High Court suit no. WA-22NCC-599-12/2020¹ against NHJ Marketing, Ng Han John and Ng Han Jim (“**NHJ Suit**”); and
- (ii) the Kuala Lumpur High Court suit no. WA-22NCVC-815-12/2020 against Lifomax (“**Lifomax Suit**”) and Novamas (“**Novamas Suit**”).

Subsequently, NBHSC approached CWSC for an alternative proposal to settle the Amount Owing (with no interest charged) as NBHSC informed that it was unable to settle the Amount Owing by way of cash payment. Following further negotiations, the Parties agreed that the Amount Owing to CWSC shall be settled via the Proposed Settlement and CWSC shall withdraw the NHJ Suit and Novamas Suit in accordance with the terms and conditions of the Settlement Agreement. The salient terms of the Settlement Agreement are set out in Appendix I of this Circular. As at the date of this Circular, the NHJ Suit and Novamas Suit have not been withdrawn and it will only be withdrawn upon the Completion Date.

Further, on 2 December 2021, the solicitors acting for Lifomax notified the Court that they have been informed that Lifomax was wound up by the Shah Alam High Court on 1 December 2021 upon the presentation of a winding up petition. As such, the action against Lifomax has been automatically stayed pending leave of the winding up Court and the Court has adjourned Lifomax’s application to strike out the Lifomax Suit.

2.2 Information on NBH Realty

NBH Realty was incorporated in Malaysia under the Companies Act, 1965 on 6 July 2011. The principal activity of NBH Realty is property investment. As at the LPD, NBH Realty holds Lot 41346. Further details of Lot 41346 are set out in Section 2.4, Part A of this Circular.

As at the LPD, the issued share capital of NBH Realty is as follows:

	No. of shares	RM
Issued share capital	100,000	100,000

Further information on NBH Realty is set out in Appendix II(A) of this Circular.

2.3 Information on Jadi Raya

Jadi Raya was incorporated in Malaysia under the Companies Act, 1965 on 30 August 2013. The principal activity of Jadi Raya is property investment. As at the LPD, Jadi Raya holds Lot 41347. Further details of Lot 41347 are set out in Section 2.4, Part A of this Circular.

As at the LPD, the issued share capital of Jadi Raya is as follows:

	No. of shares	RM
Issued share capital	100,000	100,000

Further information on Jadi Raya is set out in Appendix II(B) of this Circular.

¹The NHJ Suit was subsequently transferred to the Court hearing the Lifomax Suit and Novamas Suit whereupon it carries the following Kuala Lumpur High Court Suit No. WA-22NCVC-417-06/2021.

2.4 Information on the Lands

The Lands are situated in Bandar Serendah, District of Ulu Selangor, Selangor. The Lands are located about 11 kilometres by road to the north-west of Rawang Town Centre and about 10 kilometres to the west of Serendah. Lot 41346 is easily accessible from Kuala Lumpur City Centre via North-South Expressway exiting at Sungai Buaya interchange. Lot 41347 is accessible from Lot 41346 via an underneath tunnel.

The particulars and land area of the Lands are as follows:

No.	Details of Lands	Land area (hectares)
1.	GRN 339082 (formerly GRN 93472), Lot 41346 Section 20 (formerly Lot 27507 Section 20), Bandar Serendah, District of Ulu Selangor, Selangor	28.01
2.	GRN 339090 (formerly GRN 34719), Lot 41347 Section 20 (formerly Lot 4460), Bandar Serendah, District of Ulu Selangor, Selangor	⁽ⁱ⁾ 19.07
Total		47.08

Note:

- (i) Inclusive of Tenaga Nasional Berhad (“TNB”) transmission line land area measuring approximately 5.87 hectares.

Further details of the Lands are summarised as follows:

Registered owner	: <u>Lot 41346</u> NBH Realty
	<u>Lot 41347</u> Jadi Raya
Tenure	: Term in Perpetuity (Freehold)
Category of land use	: Building
Express conditions	: <i>Pembinaan bangunan-bangunan mengikut JPBD Negeri Selangor</i>
Encumbrances	: <u>Lot 41346</u> Charged to RHB Bank Berhad ⁽ⁱⁱ⁾
	<u>Lot 41347</u> Nil
Caveat	: Private caveat lodged by CWSC on 8 April 2021
Other endorsements	: <u>Lot 41346</u> <i>Nombor Perserahan: 37059/2001 Perintah Mahkamah Mengikut Perintah Mahkamah Tinggi Kuala Lumpur bertarikh 30 Jun 1998 sebab perintah untuk membolehkannya memindahmilik kepada Halaman Perdana Sdn Bhd didaftarkan pada 26 September 2001</i>
	<u>Lot 41347</u> <i>Nombor Perserahan: 37059/2001 Perintah Mahkamah Mengikut Perintah Mahkamah Tinggi Kuala Lumpur bertarikh 30 Jun 1998 sebab perintah untuk membolehkannya memindahmilik kepada Halaman Perdana Sdn Bhd didaftarkan pada 26 September 2001</i>
Existing use/Occupation	: Vacant
Valuation approach	: Comparison approach only
Total market value ⁽ⁱ⁾	: RM62,000,000

Audited net book value : Lot 41346
("NBV") as at 31 December 2020 RM40,635,776

Lot 41347
RM19,067,268

Notes:

- (i) *Based on the Valuation Report as appraised by CBRE|WTW as at 24 August 2021, being the date of valuation.*
- (ii) *The loan from RHB Bank Berhad, in respect of Lot 41346, has been fully settled on 30 March 2020. As at the date of this Circular, Lot 41346 has been discharged and the title has been returned to NBH Realty.*

The original costs and dates of investment by NBH Realty and Jadi Raya are as follows:

	Date of investment	Original cost of investment RM
Lot 41346 by NBH Realty	3 April 2014	39,182,593
Lot 41347 by Jadi Raya	7 March 2014	18,466,164

2.5 Information on the Parties

(i) NBHSC

NBHSC was incorporated in Malaysia under the Act on 3 September 2019 as a private limited company. The principal activity of NBHSC is retail sale of construction materials, hardware, paints and glass.

As at the LPD, the issued share capital of NBHSC is RM100 comprising 100 ordinary shares. NBH is the sole director and shareholder of NBHSC. As at the LPD, NBHSC has not filed any financial statements with Suruhanjaya Syarikat Malaysia.

As at the LPD, NBHSC does not hold shares in Chin Well.

(ii) NBH

NBH, aged 61, is a Malaysian. He is the sole director and shareholder of NBHSC. He is also a Director of Jadi Raya and shareholder of NBH Realty.

He is the spouse of TSS and is not a person connected with the directors and/or major shareholders of Chin Well. As at the LPD, NBH does not hold shares in Chin Well.

(iii) TSS

TSS, aged 58, is a Malaysian. She is a director and shareholder of NBH Realty and Jadi Raya.

She is the spouse of NBH and is not a person connected with the directors and/or major shareholders of Chin Well. As at the LPD, TSS does not hold shares in Chin Well.

2.6 Basis and justification for arriving at the Transfer Amount and Balance Amount

The Transfer Amount and Balance Amount were arrived on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:

- (i) Transfer Amount, of which the details are as follows:

	Amount RM
45% NBH Realty (please refer to item (a) below)	1,686,979.17
45% Jadi Raya (please refer to item (b) below)	98,514.90
TSS Advances (please refer to item (c) below)	25,895,780.52
Total	27,681,274.59

- (a) The amount of RM1,686,979.17 is derived from 45% of the adjusted NA of NBH Realty as at 31 December 2020 of RM3,748,843 after adjusting for the net revaluation surplus arising from the valuation of Lot 41346, as follows:

	Amount RM
Audited NL of NBH Realty as at 31 December 2020	⁽¹⁾ (178,959)
Add: Net revaluation surplus of Lot 41346 ⁽²⁾	3,927,802
Adjusted NA of NBH Realty	3,748,843
45% of adjusted NA of NBH Realty	1,686,979.17

Notes:

- Included in here is an amount owing by NBH Realty to TSS of RM18,399,754.41 of which TSS is to assign to CWSC as part of the Proposed Settlement.
- The net revaluation surplus is calculated as follows:

	Amount RM
Market value of Lot 41346	45,000,000
Less: Audited NBV of Lot 41346 as at 31 December 2020	(40,635,776)
Revaluation surplus	4,364,224
Less: Deferred taxation of 10% of the revaluation surplus ⁽ⁱ⁾	(436,422)
Net revaluation surplus	3,927,802

Note:

- (i) A 10% deferred tax rate is applicable as Lot 41346 has been owned by NBH Realty for more than six (6) years. The tax relates to the deferred tax amount to be paid by NBH Realty if only Lot 41346 is disposed in the future and is not to be settled prior to completion of the Proposed Settlement. For the avoidance of doubt, there are no any other taxes to be settled prior to completion of the Proposed Settlement.

- (b) The amount of RM98,514.90 is derived from 45% of the adjusted NA of Jadi Raya as at 31 December 2020 of RM218,922 after adjusting for the impairment loss arising from the valuation of Lot 41347, as follows:

	Amount RM
Audited NA of Jadi Raya as at 31 December 2020	⁽¹⁾ 2,286,190
Less: Impairment loss on Lot 41347 ⁽²⁾	(2,067,268)
Adjusted NA of Jadi Raya	218,922
45% of adjusted NA of Jadi Raya	98,514.90

Notes:

1. *Included in here is an amount owing by Jadi Raya to TSS of RM7,496,026.11 of which TSS is to assign to CWSC as part of the Proposed Settlement.*
2. *The impairment loss is calculated as follows:*

	Amount RM
Market value of Lot 41347	17,000,000
Less: Audited NBV of Lot 41347 as at 31 December 2020	19,067,268
Impairment loss	(2,067,268)

- (c) The amount is derived from the TSS Advances amounting to RM25,895,780.52 as at the date of the Settlement Agreement;
- (ii) Balance Amount represents the Amount Owing after deducting the Transfer Amount and shall be settled over the Period in the manner as stated in Section 7 of Appendix I; and
 - (iii) the rationale and benefits of the Proposed Settlement as stated in Section 3, Part A of this Circular.

The total market value of the Lands, free from all encumbrances, as appraised by CBRE|WTW using the comparison approach is RM62.00 million.

The comparison approach entails analysing recent transactions and asking prices of similar properties in and around the locality for comparison purposes with adjustments made for differences in location, accessibility/visibility, size, tenure, shape, type of development and other relevant characteristics to arrive at the market value.

The comparison approach is adopted as the only method for the Lands as the Lands are two (2) parcels of residential land with no development order / planning approval and there are adequate sales comparable. Therefore, CBRE|WTW has not considered other methods in the valuation.

2.7 Liabilities to be assumed by Chin Well

There are no other liabilities, including contingent liabilities and guarantees to be assumed by CWSC and Chin Well pursuant to the Proposed Settlement.

2.8 Source of funding

There is no funding required as the proposal is a settlement of the Amount Owing.

2.9 Original costs and dates of investment

The original costs and dates of investment by NBH and TSS in NBH Realty and Jadi Raya are as follows:

Shareholder	Company	Date of investment	Original cost of investment RM
NBH	NBH Realty	6 July 2011	1
TSS		6 July 2011	1
		22 October 2013	44,998
			45,000
TSS	Jadi Raya	12 August 2015	45,000

2.10 Additional financial commitment

There is no additional financial commitment to be incurred by CWSC and/or Chin Well as NBH Realty and Jadi Raya do not require any additional capital as they are principally involved in property investment.

3. RATIONALE AND BENEFITS OF THE PROPOSED SETTLEMENT

The Proposed Settlement serves as settlement of the Amount Owing via the Transfer Amount and Balance Amount.

The Transfer Amount is settled via the transfer of 45% NBH Realty, 45% Jadi Raya and TSS Advances to CWSC. NBH Realty and Jadi Raya are the companies holding the Lands which have been valued by CBRE|WTW for the purpose of determining the valuation of the Transfer Amount. As for the TSS Advances, this relates to cash advances made by TSS to NBH Realty and Jadi Raya in the past. Instead of TSS receiving these cash advances back, TSS, as part of the Proposed Settlement, has assigned these advances to CWSC i.e. instead of NBH Realty and Jadi Raya paying back these advances to TSS in the future, they will now pay these advances to CWSC. This has the effect of increasing the NA of the Group on the Completion Date regardless of whether the Lands are sold in the future. Further, the assignment of the TSS Advances (from TSS to CWSC) forms part of the Transfer Amount and this Transfer Amount is to partially offset the Amount Owing. The TSS Advances in NBH Realty and Jadi Raya are backed by the current market value of the Lands as appraised by the Valuer. Hence, the TSS Advances contribute now to the settlement of the Amount Owing, regardless of whether the TSS Advances are settled in cash in the future.

Should CWSC decide to monetise the Lands via disposal and/or entering into a joint venture, NBH Realty and Jadi Raya will be able to pay back CWSC part or all of the TSS Advances depending on the disposal and/or joint venture value of the Lands.

In the event that the Lands are unable to be sold and/or no joint venture entered into, NBH Realty and Jadi Raya will continue owing the TSS Advances to CWSC on CWSC's company level financial statements. However, on Chin Well's group level financial statements this amount will be eliminated in the consolidated financial statements of Chin Well upon the Completion Date.

The Balance Amount shall be settled by NBHSC in the manner as stated in Section 7, Appendix I of this Circular.

Upon obtaining legal advice and after considering various options (including initiating legal action against NBHSC) to recover the Amount Owing, the Board is of the opinion that the Proposed Settlement is in the best interest of the Company and is a more effective recovery method. In addition, the Proposed Settlement will provide the Company with a quicker resolution as compared to undergoing a litigation process against NBHSC. As at the LPD, NBHSC has not filed any financial statements with Suruhanjaya Syarikat Malaysia.

The litigation process is time consuming. Depending on the complexity of the issues, the litigation process may take up to several years for the Court to come to an initial judgement. This translates to CWSC having to wait for several years until a judgement is pronounced. However, the matter does not automatically come to an end with the pronouncement of judgment by the Court, as the aggrieved party (in most cases) would appeal to the Court of Appeal, and thereafter to the apex Court, the Federal Court. Hence, the litigation process can be protracted.

Further, the litigation process can become costly with legal fees and other costs associated with going to trial. The cost of litigation will rise in accordance with the length of the pre-trial period as well as the length of the trial, meaning that the longer it takes to resolve the matter, the higher the litigation costs. This cost of litigation will increase with every level of appeal, from that of the Court of Appeal to the Federal Court.

After undergoing the court process and the costs as described above, the outcome of litigation is still uncertain.

However, by entering into the Settlement Agreement and on the Completion Date which is estimated to take less than seven (7) months, the Transfer Amount is settled (without having to sell the Lands and without having to repay the TSS Advances) and the amount remaining outstanding is only the Balance Amount. The Balance Amount shall be settled by NBHSC in the manner as stated in Section 7, Appendix I of this Circular.

Based on the audited consolidated financial statements of Chin Well for the FYE 30 June 2020, CWSC had provided allowance for credit loss of approximately RM16.75 million arising from the Amount Owing. Further, based on the audited consolidated financial statements of Chin Well for the FYE 30 June 2021, CWSC had also provided an allowance for credit loss and provision for unwinding interest (being the discounting effect of long outstanding debts) of approximately RM3.44 million and RM2.62 million respectively arising from the Amount Owing.

By undertaking the Proposed Settlement, there will be no further provision and/or impairment needed to be incurred by Chin Well Group in relation to the Amount Owing.

On Completion Date, there will be a reversal of provision for unwinding interest of approximately RM2.62 million over a period of five (5) years and the said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well.

The Proposed Settlement will result in CWSC holding 45% equity interest in both NBH Realty and Jadi Raya, the companies which own the Lands as detailed in Section 2.4, Part A of this Circular. As the Group is principally involved in the manufacturing and trading of fastener and wire products, it is the Group's intention to hold the Lands until their market values have appreciated beyond their current valuation, prior to disposing of them.

If the Group is able to sell the Lands above the market value as appraised by CBRE|WTW in subsequent years, the Group may then be able to recover part or all of the Balance Amount and this is also expected to improve the Group's financial position and cash flow position.

The Group may also consider developing the Lands should any joint venture opportunities arise and will take into consideration factors, amongst others, the property market condition and anticipated return on investment. If the Group is able to develop the Lands via joint ventures in the future, this is also expected to improve the Group's financial position.

In the event the Lands are valued at above the current market value as appraised by the Valuer for a disposal or property development joint venture, there will be a reversal of allowance for credit loss of up to approximately RM20.19 million. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well at that juncture in the future.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan. Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures. On the supply side, all economic sectors registered a contraction. The construction sector contracted the most due to operating capacity limits. On the expenditure side, domestic demand declined by 4.1% (2Q 2021: +12.4%), weighed down mainly by the contraction in private consumption and investment activities, while continued increase in public sector consumption spending provided support to growth. Governor Datuk Nor Shamsiah said “Progressive lifting of containment measures and continued improvements in the labour market will be key to support the recovery going forward”. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

Net financing to the private sector recorded an annual growth of 3.9% (2Q 2021: 4.4%), reflecting lower growth in both outstanding loans (2.9%; 2Q 2021: 3.6%) and outstanding corporate bonds (6.5%; 2Q 2021: 6.9%). Outstanding household loan growth moderated to 3.2% (2Q 2021: 5.3%), amid slower growth across all purposes. Loan applications and disbursements, however, improved in September given the relaxation of movement restrictions. For businesses, outstanding business loans grew by 2.4% (2Q 2021: 1.3%), supported by higher working capital loan growth. This expansion was also mainly driven by the wholesale and retail trade, restaurants and hotels, and manufacturing sectors, in line with the resumption of business activity amid the reopening of the economy.

For 2021, the domestic economy is on track to expand by 3.0% - 4.0%. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. The various relaxations of restrictions for fully vaccinated individuals including for interstate travel would also spur tourism-related activities. In addition, the strength in global demand will continue to support export growth.

Going forward into 2022, Governor Datuk Nor Shamsiah explained, “Malaysia’s growth trajectory is expected to improve given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. The progress and efficacy of vaccinations, compliance with Standard Operating Procedures as well as the ability to effectively contain outbreaks from any new COVID-19 variants of concern will be key to the expected recovery.” The expected growth in 2022 to be 5.5% to 6.5%.

Year-to-date, headline inflation has averaged 2.3%, and is projected to average between 2.0% and 3.0% for 2021. Underlying inflation, as measured by core inflation, is expected to average below 1.0% for the year. In 2022, headline inflation is projected to remain moderate. As economic activity normalises, core inflation is expected to edge upwards but remain benign given the continued spare capacity in the economy and slack in the labour market. The outlook, however, continues to be subject to global commodity price developments and some risk from prolonged supply-related disruptions.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2021, Bank Negara Malaysia, 12 November 2021)

4.2 Overview and outlook of the property sector in Malaysia

The real estate and business services subsector is expected to decline by 5.1% in 2021. The annual performance was weighed down by the 10.5% contraction in the first half due to slower leasing and renting of properties and lower demand for professional services. However, the subsector is anticipated to improve marginally by 0.6% in the second half following the reopening of economic sectors and property companies' aggressive adoption of digital marketing. The expected improvement is also attributed to the extension of the Real Property Gains Tax ("RPGT") exemptions as well as stamp duty exemptions and price discounts under the Home Ownership Campaign ("HOC").

The real estate and business services subsector is projected to rebound by 8.6%, mainly driven by business services provided particularly to property and financial-related activities. Furthermore, business services related to legal and consultation are expected to increase with vibrant activities in the construction sector. In addition, flexible leasing by shopping mall operators to ease rental commitments will assist in attracting new tenants while maintaining current occupancy.

(Source: Macroeconomic Outlook, Economic Outlook 2022, Ministry of Finance Malaysia)

Overall, the market looks to be stabilising as we move into 2022, following the disruptive impact of the COVID-19 crisis. Between second (2nd) quarter of 2020 and (2nd) quarter of 2021, sharp drops in transactional activity were brought by rising infection rates and government-imposed movement restrictions, resulting in price depressions and fluctuating supply volume.

However, the recent PropertyGuru Malaysia Property Asking Price Index found that prices were back on an upward trend in (3rd) quarter 2021. This indicates that sentiments are improving in tandem with higher vaccination rates, the reopening of commercial activity and a less restricted environment for consumers.

This is also in line with a general improved outlook for the Malaysian economy, which is anticipated to perform better in 2022. Furthermore, the move from a "pandemic" to an "endemic" classification of the crisis means the government is adopting sustainable long-term policies in dealing with COVID-19. This will result in more consistent regulations on economic activity and bring clarity for businesses operations, improving sentiments toward financial security and consumer confidence.

The PropertyGuru's data indicates that a general improved outlook is making its presence felt in the market, driven by sustained demand and positive transaction prices in key hotspots within the four major regions of Kuala Lumpur, Selangor, Penang and Johor. Aiding the momentum for recovery are prevailing low interest rates, suppressed property prices, and a slate of buyer-oriented incentives offered under the ongoing Home Ownership Campaign (HOC).

(Source: Malaysia Property Market Outlook 2022, PropertyGuru)

4.3 Prospects and future plans of the Lands

On Completion Date, NBH Realty and Jadi Raya will become 45% owned subsidiaries of the Company via CWSC given that the Company will control the composition of the majority of the board of directors of NBH Realty and Jadi Raya. It is the Company's intention to sell the Lands only when the market value of the Lands have appreciated beyond their current valuation. The Group may also consider developing the Lands should any joint venture opportunities arise and will take into consideration factors, amongst others, the property market condition and anticipated return on investment.

The Lands are surrounded with the following:

- (i) Bandar Sungai Buaya which is planned as an integrated township of recreational, educational, residential, commercial and industrial developments is situated to the west of the Lands while Sungai Buaya Toll Plaza is also located a short distance to the west of the Lands;

- (ii) Serendah town which comprises mainly double storey shop houses, Serendah Community Centre, National Skills Development Center Serendah, Sekolah Kebangsaan Serendah, Sekolah Menengah Kebangsaan Serendah and Serendah KTM Station is situated further to the east of the Lands;
- (iii) Rawang Town Centre which comprises mainly two (2) to three (3) storey shop offices, Rawang One Complex, Giant Hypermarket Rawang, Rawang Walk, Rawang Bus Terminal, Rawang KTM Station and KPJ Rawang Specialist Hospital is situated further to the south of the Lands; and
- (iv) Perodua manufacturing plant is located to the south-east across the North-South Expressway while an ongoing UMW High Value Manufacturing Park is situated to the immediate north-east of the Perodua manufacturing plant.

With the developments, amenities and infrastructure surrounding the Lands, the Group may be able to recover part or all of the Balance Amount if the Lands are successfully sold in the future above the current market value as appraised by the Valuer. Consequently, the sale of the Lands at such higher values is expected to strengthen the financial position and improve the cash flow of the Group in the future.

(Source: The management of Chin Well)

4.4 Impact of COVID-19 pandemic on the Group's financial performance and operations

The COVID-19 pandemic has caused a global economic slowdown since early 2020. The Government of Malaysia (“**Government**”) has enforced the MCO starting from 18 March 2020. This resulted in the restriction of travel and social gathering activities as well as the temporary closure of non-essential businesses. As a result of the MCOs, the operations of the Group's companies in Malaysia had to be temporarily scaled down. The Group has since implemented standard operating procedures introduced by Malaysia's Ministry of Health to ensure the safe and smooth resumption of the Group's business operations. Further, during the re-imposition of the MCO period in January 2021 as well as the full lockdown imposed by the Government on 1 June 2021, the Group's companies in Malaysia were allowed to operate with 60% capacity in June 2021 and increased subsequently to 80% capacity in July 2021. From September 2021 onwards, the Group's companies in Malaysia were allowed to operate at full capacity.

The Group's revenue decreased by approximately RM43.25 million or 8.09% from approximately RM534.91 million for the FYE 30 June 2020 to approximately RM491.66 million for the FYE 30 June 2021. The decrease was mainly attributable to the Group's fasteners division registered a lower revenue due to some of the local deliveries were deferred arising from the lockdown. In addition, there was also a decrease in revenue from trading of steel products during the year.

However, this was partially offset by the Group's wire division as the Group managed to secure more local orders in the current financial year and this had contributed to better performance of the division.

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 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.

With the expanded thread rod production line in Malaysia, higher revenue is expected to be generated to the Group in FYE 30 June 2022. The Group will explore further to penetrate into developing emerging market for its fasteners products.

The Group will 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.

5. RISK FACTORS

The following are the risk factors that may arise from or are associated with the Proposed Settlement:

5.1 Non-completion risk

The completion of the Settlement Agreement is subject to the approval of the non-interested shareholders of Chin Well being obtained and the fulfilment of the condition precedent as set out in Section 1, Appendix I of this Circular. In the event that the condition precedent is not obtained or fulfilled on or before the Conditional Period (as defined in Section 1, Appendix I of this Circular), the Proposed Settlement will not be completed and the Transfer Amount which serves to settle part of the Amount Owing due from NBHSC is not settled.

The Company will take all reasonable steps that are within its control to ensure that the condition precedent is fulfilled within the stipulated timeframe in order to complete the Proposed Settlement in a timely manner.

5.2 Uncertainty on the recoverability of the Balance Amount and TSS Advances in cash

The Proposed Settlement entails the transfer of 45% NBH Realty and 45% Jadi Raya, the companies which own the Lands, as well as the TSS Advances to settle the Transfer Amount. The Transfer Amount was determined by the Parties after taking into consideration, amongst others, the prevailing market value of the Lands as appraised by CBRE|WTW.

Whilst it is the Group's intention to hold the Lands until their market values have appreciated beyond their current valuation prior to disposing of them, there is no assurance that the Group will be able to realise a higher value on the market value of the Lands to settle the Balance Amount when the sale of the Lands is effected by the Group in the future.

The Group may also consider developing the Lands should any joint venture opportunities arise. However, there is no assurance that joint venture opportunities will materialise.

In addition, the recoverability of the TSS Advances in cash is also dependent on the sale or development of the Lands. In the event the Lands are not sold or developed, the TSS Advances may not be able to be recovered. However, there is no assurance that the sale or development of the Lands will be able to fully recover the TSS Advances in cash.

5.3 Impact of COVID-19 pandemic on market value of the Lands

The ongoing COVID-19 outbreak has caused global economic slowdown since early 2020. Even with the relaxation of lockdown measures and rising vaccination rate, consumer sentiment is expected to remain dampened in the near future as consumers stay cautious in their spending. The market risks in the property development industry are the marketability and demand for properties. The property development market is deeply affected by the COVID-19 outbreak, as stated under Section 4.2, Part A of this Circular.

The Group also took note of the impact of COVID-19 pandemic on the market value of the Lands as disclosed in the valuation certificate set out in Appendix II of this Circular. There is no assurance that the prolonged COVID-19 pandemic may not have an adverse effect to the market value of the Lands. As such, the Group will closely monitor the developments in the property market.

6. EFFECTS OF THE PROPOSED SETTLEMENT

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company as the Proposed Settlement does not involve Chin Well Shares.

6.2 NA, NA per Share and gearing

Apart from the estimated expenses to be incurred for the Proposed Settlement of approximately RM425,000, the Proposed Settlement is not expected to have a material pro forma effect on the NA, NA per Share and gearing of the Group based on its latest audited consolidated statement of financial position as at 30 June 2021, assuming that the Proposed Settlement had been effected as at 30 June 2021.

6.3 Earnings and EPS

Assuming that the Proposed Settlement had been effected at the beginning of the FYE 30 June 2021, the Proposed Settlement is not expected to have any material effect on the earnings of the Group for the FYE 30 June 2021. Upon the completion of the Proposed Settlement, there will only be a reversal of provision for unwinding interest of approximately RM2.62 million which will be recognised as other income in the audited consolidated financial statements of Chin Well over a period of five (5) years.

Further, in the event the Lands are valued at above the current market value as appraised by the Valuer for a disposal or property development joint venture, the Proposed Settlement is expected to contribute positively to the future earnings and EPS of the Chin Well Group in the future. There will also be a reversal of allowance for credit loss of up to approximately RM20.19 million. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well at that juncture in the future.

6.4 Convertible securities

As at the LPD, the Company does not have any convertible securities.

7. APPROVALS REQUIRED

The Proposed Settlement is subject to the following approvals being obtained:

- (i) the shareholders of Chin Well at an EGM of the Company to be convened; and
- (ii) any other relevant authorities and/or parties, where applicable.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Settlement pursuant to Paragraph 10.02(g) of the Listing Requirements based on the latest audited consolidated financial statements of Chin Well for the FYE 30 June 2021 is approximately 8.35%.

9. CONDITIONALITY

The Proposed Settlement is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The Proposed Settlement is between CWSC and Parties, namely NBHSC, NBH and TSS. None of the directors and/or major shareholders of Chin Well have any interest, directly or indirectly, in NBHSC or connected with NBHSC, NBH and TSS. However, certain directors and/or major shareholders of Chin Well are deemed interested in the Proposed Settlement by virtue of them being the directors and major shareholders in NBH Realty and Jadi Raya.

Accordingly, save as disclosed below, none of the Directors, major shareholders of the Company and/or person connected with them have any interest, directly or indirectly, in the Proposed Settlement:

- (i) Lim Chien Ch'eng is the Non-Independent Non-Executive Chairman of Chin Well. He is also the major shareholder of NBH Realty and Jadi Raya by virtue of his shareholdings in Sunergy, a major shareholder of NBH Realty and Jadi Raya. He is also the spouse of Chan Moi Moi @ Anna Tjandra who is the director of NBH Realty and Jadi Raya. Therefore, Lim Chien Ch'eng is deemed interested in the Proposed Settlement;
- (ii) Tsai Chang Hsiu-Hsiang is the Executive Director of Chin Well. She is also the director and major shareholder of NBH Realty and Jadi Raya by virtue of her shareholdings in Amal Pintas, a major shareholder of NBH Realty and Jadi Raya. Therefore, Tsai Chang Hsiu-Hsiang is deemed interested in the Proposed Settlement;
- (iii) Tsai Chia Ling, is the Executive Director and major shareholder of Chin Well by virtue of her shareholdings in Benua Handal, a major shareholder of Chin Well. She is also the director and major shareholder of NBH Realty and Jadi Raya by virtue of her shareholdings in Amal Pintas. Therefore, Tsai Chia Ling is deemed interested in the Proposed Settlement;
- (iv) Tsai Yung Chuan is the Managing Director and major shareholder of Chin Well by virtue of his shareholdings in Benua Handal, a major shareholder of Chin Well. Both Tsai Chang Hsiu-Hsiang and Tsai Chia Ling are the directors and major shareholders of NBH Realty and Jadi Raya by virtue of their shareholdings in Amal Pintas, a major shareholder of NBH Realty and Jadi Raya. By virtue of Tsai Yung Chuan being the spouse of Tsai Chang Hsiu-Hsiang and father of Tsai Chia Ling, he is deemed interested in the Proposed Settlement;
- (v) Benua Handal is the major shareholder of Chin Well. Tsai Yung Chuan, Tsai Chang Hsiu-Hsiang and Tsai Chia Ling are the directors of Benua Handal. By virtue of them being the Interested Directors, Benua Handal is deemed interested in the Proposed Settlement;
- (vi) Tsai Cheng Hsun is the major shareholder of Chin Well by virtue of his shareholdings in Benua Handal, a major shareholder of Chin Well. He is also the son of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang and sibling of Tsai Chia Ling and Tsai Chia Wen. Therefore, Tsai Cheng Hsun is deemed interested in the Proposed Settlement; and
- (vii) Tsai Chia Wen is the major shareholder of Chin Well by virtue of her shareholdings in Benua Handal, a major shareholder of Chin Well. She is also the daughter of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang and sibling of Tsai Chia Ling and Tsai Cheng Hsun. Therefore, Tsai Chia Wen is deemed interested in the Proposed Settlement.

The direct and indirect shareholdings of the Interested Directors and Interested Major Shareholders in Chin Well as at the LPD are as follows:

	As at the LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors</u>				
Lim Chien Ch'eng	6,009,650	2.10	⁽ⁱ⁾ 1,765,314	0.62
Tsai Chang Hsiu-Hsiang	-	-	-	-
<u>Interested Directors and Interested Major Shareholders</u>				
Tsai Yung Chuan	-	-	⁽ⁱⁱ⁾ 162,430,446	56.70
Tsai Chia Ling	838,400	0.29	⁽ⁱⁱ⁾ 162,430,446	56.70
<u>Interested Major Shareholders</u>				
Benua Handal Sdn Bhd	162,430,446	56.70	-	-
Tsai Cheng Hsun	-	-	⁽ⁱⁱ⁾ 162,430,446	56.70
Tsai Chia Wen	-	-	⁽ⁱⁱ⁾ 162,430,446	56.70

Notes:

- (i) Deemed interested by virtue of Section 8 of the Act held through Indra Cempaka Sdn Bhd.
- (ii) Deemed interested by virtue of Section 8 of the Act held through Benua Handal Sdn Bhd.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings of Chin Well in relation to the Proposed Settlement. The Interested Directors and Interested Major Shareholders will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Chin Well on the resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM.

11. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Settlement, there is no other corporate exercise which has been announced but pending completion as at the LPD.

12. TRANSACTIONS WITH RELATED PARTY FOR THE PAST TWELVE (12) MONTHS

Save for the Proposed Settlement and recurrent related party transactions which are not required to be announced pursuant to Paragraph 10.09(1)(a) of the Listing Requirements, there are no other related party transactions with Interested Directors for the past twelve (12) months preceding the date of this Circular.

13. INDEPENDENT ADVISER

The Proposed Settlement is deemed as a related party transaction pursuant to the Paragraph 10.08(2) of the Listing Requirements. Accordingly, Affin Hwang IB has been appointed to act as the Independent Adviser to undertake the following:

- (i) comment as to:
 - (a) whether the Proposed Settlement is fair and reasonable so far as the shareholders of the Company are concerned;
 - (b) whether the Proposed Settlement is to the detriment of the non-interested shareholders of the Company; and
- (ii) advise the non-interested shareholders of the Company on whether they should vote in favour of the Proposed Settlement.

Please refer to Part B of this Circular for the IAL to the non-interested shareholders of Chin Well in relation to the Proposed Settlement. The non-interested shareholders of Chin Well are advised to read and carefully consider the contents of this Circular (including the IAL) before voting on the resolution pertaining to the Proposed Settlement at the forthcoming EGM of the Company.

14. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), after taking into consideration the evaluation of the Independent Adviser, is of the opinion that the Proposed Settlement is:

- (i) in the best interests of Chin Well Group;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the non-interested shareholders of Chin Well.

In forming its view, the Board (save for the Interested Directors) has taken into consideration, amongst others, the following:

- (a) the salient terms of the Settlement Agreement;
- (b) the rationale and benefits of the Proposed Settlement and the prospects of the Lands; and
- (c) the effects of the Proposed Settlement.

Accordingly, the Board (save for the Interested Directors), after taking into consideration the evaluation of the Independent Adviser, recommends that the shareholders of Chin Well to vote in favour of the resolution pertaining to the Proposed Settlement at the forthcoming EGM of the Company.

15. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of Chin Well, after taking into consideration the evaluation of the Independent Adviser and the market value of the Lands as appraised by CBRE|WTW, is of the opinion that the Proposed Settlement is:

- (i) in the best interests of Chin Well Group;
- (ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interests of the non-interested shareholders of Chin Well.

In forming its view, the Audit Committee has taken into consideration, amongst others, the following:

- (a) the salient terms of the Settlement Agreement;
- (b) the rationale and benefits of the Proposed Settlement and the prospects of the Lands;
- (c) the effects of the Proposed Settlement; and
- (d) the evaluation of the Independent Adviser.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to approval being obtained from the non-interested shareholders of the Company at the forthcoming EGM of the Company, the Proposed Settlement is expected to be completed in the second (2nd) quarter of 2022.

17. EGM

The EGM will be held fully virtual through live streaming and online participation and voting using Remote Participation and Voting (“**RPV**”) facilities via the online meeting platform at <https://bit.ly/3ozkvGm> provided by Bina Management (M) Sdn Bhd in Malaysia (Domain registration number 57236023) on Friday, 28 January 2022 at 11.30 am or immediately after the conclusion or adjournment of the 25th AGM of the Company to be held on the same date at 10.30 am, whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Settlement. The Notice of EGM together with the Proxy Form and the Letter to Shareholders and Administrative Guide are available on the Company’s website at <https://www.chinwell.com.my> and/or Bursa Malaysia Securities Berhad’s website at <https://www.bursamalaysia.com>.

If you are unable to attend and vote in person at the EGM and intend to appoint a proxy to vote on your behalf, please complete, sign and return the Proxy Form in accordance with the instructions contained therein to the registered office of the Company at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang not less than 48 hours before the time for holding the EGM of adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

18. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
CHIN WELL HOLDINGS BERHAD

ANG SENG OO
Independent Non-Executive Director

PART B

**INDEPENDENT ADVICE LETTER FROM AFFIN HWANG IB TO THE NON-INTERESTED
SHAREHOLDERS OF CHIN WELL IN RELATION TO THE PROPOSED SETTLEMENT**

EXECUTIVE SUMMARY

Definitions or defined terms used in this Executive Summary shall have the same meaning as defined in the "Definitions" section of Part A of this Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this Executive Summary are to Affin Hwang IB, being the Independent Adviser for the Proposed Settlement.

This Executive Summary highlights the key information of the Proposed Settlement. We advise all non-interested shareholders of the Company for the Proposed Settlement to read and understand this IAL in its entirety, together with Part A of this Circular and the appendices thereto for any other relevant information and are not to rely solely on this Executive Summary before forming an opinion on the Proposed Settlement. You are also advised to consider carefully the recommendation contained herein before voting on the resolution relating to the Proposed Settlement to be tabled at the forthcoming EGM of the Company. If you are in doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

1. INTRODUCTION

On 25 October 2021, the Board announced that CWSC, a wholly-owned subsidiary of Chin Well had, on the even date, entered into a Settlement Agreement with the Parties in relation to the Proposed Settlement.

Please refer to Section 2, Part A of this Circular for details of the Proposed Settlement.

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as certain directors and/or major shareholders of Chin Well are deemed interested in the Proposed Settlement as detailed in Section 10, Part A of this Circular.

Accordingly, in compliance with Paragraph 10.08 of the Listing Requirements, Affin Hwang IB had been appointed by the Board on 7 April 2021 to act as the Independent Adviser to advise the non-interested shareholders of the Company on, amongst others, whether the Proposed Settlement is fair and reasonable and whether the Proposed Settlement is detrimental to the non-interested shareholders of the Company.

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EXECUTIVE SUMMARY (CONT'D)

2. EVALUATION OF THE PROPOSED SETTLEMENT

In evaluating the Proposed Settlement, we have taken into consideration the following:

Section in this IAL	Section of evaluation	Comments
6.1	Rationale and benefits of the Proposed Settlement	<p>(i) The Proposed Settlement will enable CWSC to recover the Transfer Amount in a more expeditious manner and sets out the arrangement for the Balance Amount to be settled over the Period without undergoing a litigation process. This provides greater certainty to Chin Well Group as compared to pursuing a litigation process whereby the Proposed Settlement will allow a settlement in kind to be achieved where Chin Well Group will gain an interest in the Lands which may be sold or developed in the future.</p> <p>(ii) By undertaking the Proposed Settlement, there will be no further provision and/or impairment required by Chin Well Group in relation to the Amount Owing.</p> <p>(iii) Should the Group be able to recover part or all of the Balance Amount via the sale of the Lands, the financial position and cash flow position of the Group is expected to improve.</p> <p>(iv) Should the Group develop the Lands via joint ventures in the future, this is also expected to improve the Group's financial position.</p>
6.2	Basis and justification for arriving at the Transfer Amount and Balance Amount	<p>As set out in Section 2.6, Part A of this Circular, the Transfer Amount and Balance Amount were arrived on a willing-buyer willing-seller basis after taking into consideration, amongst others, the following:</p> <p>(i) Transfer Amount</p> <p>(a) 45% of the adjusted NA of NBH Realty as at 31 December 2020 amounting to RM1,686,979.17;</p> <p>(b) 45% of the adjusted NA of Jadi Raya as at 31 December 2020 amounting to RM98,514.90; and</p> <p>(c) the TSS Advances amounting to RM25,895,780.52 as at the date of the Settlement Agreement;</p> <p>(ii) Balance Amount represents the Amount Owing after deducting the Transfer Amount. This amount will remain outstanding upon the Completion Date and shall be settled over the Period in the manner as stated in Section 7, Appendix I of this Circular; and</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Section of evaluation	Comments
		<p>(iii) the rationale and benefits of the Proposed Settlement as stated in Section 3, Part A of this Circular.</p> <p>Given that NBH Realty and Jadi Raya are principally involved in property investment, we are of the view that the appropriate valuation methodology to value these companies is the revalued net asset valuation (“RNAV”) to take into account the current market value of the Lands.</p> <p>In this respect, we have reviewed the Valuation Report prepared by CBRE WTW. We are satisfied with the bases and assumptions adopted by the Valuer in deriving the valuation of the Lands. As such, we have relied upon the valuation of the Lands for the purpose of calculating the RNAV of NBH Realty and Jadi Raya.</p> <p>The assignment of TSS Advances is based on the amount owing from NBH Realty and Jadi Raya to TSS as at the date of the Settlement Agreement. We are of the view that the value is fair as it is based on the actual amount owing by NBH Realty and Jadi Raya to TSS as at the date of the Settlement Agreement.</p>
6.3	Salient terms of the Settlement Agreement	We are of the view that the salient terms of the Settlement Agreement as a whole are reasonable and not detrimental to the non-interested shareholders of Chin Well.
6.4	Industry overview and prospects	<p>Whilst the overall economy has been on a decline during 2021 due to the COVID-19 pandemic, we also note that various measures have been introduced and put in place by the Government to soften the impact of the pandemic.</p> <p>Should the Group be able to recover part or all of the Balance Amount via the sale of the Lands, this is expected to improve the financial position and cash flow position of the Group. However, should the Group develop the Lands via joint ventures in the future, this is also expected to improve the Group’s financial position.</p>
6.5	Risk factors	<p>In considering the Proposed Settlement, the non-interested shareholders of Chin Well are advised to give careful consideration to the following risk factors:</p> <p>(i) Non-completion risk;</p> <p>(ii) Uncertainty on the recoverability of the Balance Amount and TSS Advances in cash; and</p>

EXECUTIVE SUMMARY (CONT'D)

Section in this IAL	Section of evaluation	Comments
		<p>(iii) Impact of COVID-19 pandemic on market value of the Lands.</p> <p>We wish to highlight that although efforts and measures will be taken by the Group to mitigate the risks associated with the Proposed Settlement, there can be no assurance that one or a combination of risk factors as stated in Section 5, Part A of this Circular will not occur and give rise to a material and adverse impact on the business operations and financial performance of the Group.</p>
6.6	Effects of the Proposed Settlement	<p>(i) The Proposed Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company. The Proposed Settlement does not involve any issuance of new Chin Well Shares.</p> <p>(ii) The Proposed Settlement is not expected to have a material pro forma effect on the NA, NA per Share and gearing of the Group based on its latest audited consolidated statement of financial position as at 30 June 2021, assuming that the Proposed Settlement had been effected as at 30 June 2021.</p> <p>(iii) The Proposed Settlement is not expected to have any material effect on the earnings of the Group for the FYE 30 June 2021 assuming that the Proposed Settlement had been effected at the beginning of FYE 30 June 2021. On the Completion Date, there will only be a reversal of provision for unwinding interest of approximately RM2.62 million over a period of five (5) years. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well.</p> <p>In the event Lands are valued at above the current market value as appraised by the Valuer for a disposal or developed via joint venture, the future earnings and EPS of the Chin Well Group are expected to improve.</p> <p>We noted that without undertaking the Proposed Settlement, further provisions for credit loss and unwinding interest may be required for FYE 30 June 2022.</p>

3. CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Settlement and have set out our evaluation in Section 6 of this IAL. Non-interested shareholders of the Company should consider the merits and demerits of the Proposed Settlement carefully based on all relevant and pertinent factors including those and other considerations as set out in this IAL together Part A of this Circular and the appendices and other publicly available information prior to making a decision to vote on the resolution pertaining to the Proposed Settlement.

Premised on our overall assessment and evaluation of the Proposed Settlement based on the information available to us up to the LPD, we are of the view that the Proposed Settlement is **fair and reasonable** and **not detrimental** to the non-interested shareholders.

Accordingly, we recommend that you **vote in favour** of the resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM of the Company.

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12 January 2022

To: The non-interested shareholders of Chin Well

Dear Sir/Madam,

CHIN WELL HOLDINGS BERHAD

**INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED SHAREHOLDERS OF CHIN WELL
IN RELATION TO THE PROPOSED SETTLEMENT**

This IAL has been prepared to be enclosed with Part A of this Circular. Definitions or defined terms used in this IAL shall have the same meaning as defined in the "Definitions" section of Part A of this Circular, except where the context requires otherwise or as otherwise defined.

All references to "we", "us" and "our" in this IAL are to Affin Hwang IB, being the Independent Adviser for the Proposed Settlement.

1. INTRODUCTION

On 25 October 2021, the Board announced that CWSC, a wholly-owned subsidiary of Chin Well had, on even date, entered into a Settlement Agreement with the Parties in relation to the Proposed Settlement.

Please refer to Section 2, Part A of this Circular for details of the Proposed Settlement.

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements as certain directors and/or major shareholders of Chin Well are deemed interested in the Proposed Settlement as detailed in Section 10, Part A of this Circular.

Accordingly, in compliance with Paragraph 10.08 of the Listing Requirements, Affin Hwang IB had been appointed by the Board on 7 April 2021 to act as the Independent Adviser to advise the non-interested shareholders of the Company on, amongst others, whether the Proposed Settlement is fair and reasonable and whether the Proposed Settlement is detrimental to the non-interested shareholders of the Company.

The purpose of this IAL is to provide the non-interested shareholders of the Company an independent evaluation as to:

- (i) whether the Proposed Settlement is fair and reasonable so far as the shareholders are concerned;
- (ii) whether the Proposed Settlement is detrimental to the non-interested shareholders; and
- (iii) our recommendation on whether the non-interested shareholders should vote in favour of the Proposed Settlement.

Further information on the Proposed Settlement are set out in Section 2, Part A of this Circular.

YOU ARE ADVISED TO READ THIS IAL AND PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND CONSIDER CAREFULLY THE EVALUATION AND RECOMMENDATION CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SETTLEMENT TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANKER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

We note that according to Section 10, Part A of this Circular, the Proposed Settlement is between CWSC and Parties, namely NBHSC, NBH and TSS. None of the directors and/or major shareholders of Chin Well have any interest, directly or indirectly, in NBHSC or connected with NBHSC, NBH and TSS. However, certain directors and/or major shareholders of Chin Well are deemed interested in the Proposed Settlement by virtue of them being the directors and major shareholders in NBH Realty and Jadi Raya.

Accordingly, save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected with them have any interest, directly or indirectly, in the Proposed Settlement:

- (i) Lim Chien Ch'eng is the Non-Independent Non-Executive Chairman of Chin Well. He is also the major shareholder of NBH Realty and Jadi Raya by virtue of his shareholdings in Sunergy, a major shareholder of NBH Realty and Jadi Raya. He is also the spouse of Chan Moi Moi @ Anna Tjandra who is the director of NBH Realty and Jadi Raya. Therefore, Lim Chien Ch'eng is deemed interested in the Proposed Settlement;
- (ii) Tsai Chang Hsiu-Hsiang is the Executive Director of Chin Well. She is also the director and major shareholder of NBH Realty and Jadi Raya by virtue of her shareholdings in Amal Pintas, a major shareholder of NBH Realty and Jadi Raya. Therefore, Tsai Chang Hsiu-Hsiang is deemed interested in the Proposed Settlement;
- (iii) Tsai Chia Ling, is the Executive Director and major shareholder of Chin Well by virtue of her shareholdings in Benua Handal, a major shareholder of Chin Well. She is also the director and major shareholders of NBH Realty and Jadi Raya by virtue of her shareholdings in Amal Pintas. Therefore, Tsai Chia Ling is deemed interested in the Proposed Settlement;
- (iv) Tsai Yung Chuan is the Managing Director and major shareholder of Chin Well by virtue of his shareholdings in Benua Handal, a major shareholder of Chin Well. As set out in (ii) and (iii) above, both Tsai Chang Hsiu-Hsiang and Tsai Chia Ling are the directors and major shareholders of NBH Realty and Jadi Raya by virtue of their shareholdings in Amal Pintas, a major shareholder of NBH Realty and Jadi Raya. By virtue of Tsai Yung Chuan being the spouse of Tsai Chang Hsiu-Hsiang and father of Tsai Chia Ling, he is deemed interested in the Proposed Settlement;
- (v) Benua Handal is the major shareholder of Chin Well. Tsai Yung Chuan, Tsai Chang Hsiu-Hsiang and Tsai Chia Ling are the directors of Benua Handal. By virtue of them being the Interested Directors, Benua Handal is deemed interested in the Proposed Settlement;
- (vi) Tsai Cheng Hsun is the major shareholder of Chin Well by virtue of his shareholdings in Benua Handal, a major shareholder of Chin Well. He is also the son of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang and sibling of Tsai Chia Ling and Tsai Chia Wen. Therefore, Tsai Cheng Hsun is deemed interested in the Proposed Settlement; and

- (vii) Tsai Chia Wen is the major shareholder of Chin Well by virtue of her shareholdings in Benua Handal, a major shareholder of Chin Well. She is also the daughter of Tsai Yung Chuan and Tsai Chang Hsiu-Hsiang and sibling of Tsai Chia Ling and Tsai Cheng Hsun. Therefore, Tsai Chia Wen is deemed interested in the Proposed Settlement.

Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting at the Board meetings of Chin Well in relation to the Proposed Settlement. The Interested Directors and Interested Major Shareholders will also abstain and have undertaken to ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings, if any, in Chin Well on the resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM.

3. SCOPE AND LIMITATIONS OF OUR EVALUATION OF THE PROPOSED SETTLEMENT

We have not been involved in the formulation, deliberation and negotiation of the terms of the Proposed Settlement. Our scope as Independent Adviser is limited to expressing an independent opinion on the Proposed Settlement based on information and documents provided to us or which are available to us, including the following:

- (i) the information contained in Part A of this Circular and the appendices attached thereto;
- (ii) the Settlement Agreement;
- (iii) the Valuation Report and Valuation Certificate;
- (iv) other relevant information and documents furnished to us by the Directors and senior management of Chin Well Group (“**Management**”) or obtained in or derived from our discussions with the Management; and
- (v) other publicly available information which we deem relevant.

We have relied on the Board and the Management to take due care to ensure that all the information, documents and representations in respect of Chin Well Group and the Proposed Settlement provided to us by them to facilitate our evaluation of the Proposed Settlement are accurate, complete and free from material omission. We have not undertaken any independent investigation into the business and affairs of Chin Well Group and all relevant parties involved in the Proposed Settlement. However, after making all reasonable enquiries and to the best of our knowledge and belief, we acknowledge that this IAL constitutes a full and true disclosure of all material facts concerning the Proposed Settlement, and we are satisfied that the information used is free from material omission and we have no reason to believe that the information used is unreasonable, inaccurate or incomplete as at the LPD. Our advice should be considered in the context of the entirety of this IAL.

In preparing this IAL, we have taken into consideration those factors that we believe are relevant and of general importance to the non-interested shareholders for an assessment of the Proposed Settlement and which are of concern to the non-interested shareholders as a whole.

Since our evaluation as set out in this IAL is rendered solely for the benefit of the non-interested shareholders as a whole, we have not taken into consideration any specific investment objectives, financial and tax position, risk profiles, financial situation and particular needs of any individual shareholder or any specific group of shareholders.

If you are in doubt as to the action to be taken or require specific advice in relation to the Proposed Settlement in the context of your individual investment objectives, financial and tax position, risk profiles, financial situation or particular needs, we recommend that you consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Our evaluation and opinion as set out in this IAL are based on prevailing equity capital market, economic, industry, regulatory, monetary, socio-political and other conditions (if applicable), and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time.

The members of the Board have seen and approved the contents of this IAL. The members of the Board collectively and individually accept full responsibility for the accuracy and completeness of all statements and/or information stated in this IAL and after having made all reasonable enquiries and to the best of the Board's knowledge and belief, the Board confirms all statements and/or information in this IAL are free from material omission and:

- (i) no statement and/or information in this IAL is inaccurate or incomplete;
- (ii) there are no other facts and/or information, the omission of which would make any statement or information in this IAL unreasonable, inaccurate or incomplete; and
- (iii) all relevant material facts and/or information, including those required under the Listing Requirements, have been disclosed in this IAL.

The responsibility of the Board in respect of the independent advice and expression of opinion by Affin Hwang IB in relation to the Proposed Settlement as set out in this IAL, is to ensure that all information in relation to Chin Well Group and the Proposed Settlement that is relevant to Affin Hwang IB's evaluation of the Proposed Settlement have been accurately and completely disclosed to Affin Hwang IB and is free from material omission.

We will notify the non-interested shareholders after the issuance of this IAL up to the date of the Company's forthcoming EGM, if we:

- (i) become aware of a significant change affecting the information set out in this IAL; or
- (ii) have reasonable grounds to believe that a material statement in this IAL is misleading or deceptive; or
- (iii) have reasonable grounds to believe that there is a material omission in this IAL.

If circumstances require, a supplementary IAL will be sent to the non-interested shareholders. We will immediately notify the non-interested shareholders of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAL.

4. CONSENT AND DECLARATION OF CONFLICT OF INTEREST

Affin Hwang IB, being the Independent Adviser to the Company for the Proposed Settlement, has given and has not subsequently withdrawn its consent to the inclusion in this IAL of its name and all references thereto in the form and context in which they so appear in this IAL.

Save for our role as the Independent Adviser to the Company for the Proposed Settlement, Affin Hwang IB does not have any other professional relationship with Chin Well in the past two (2) years prior to the LPD. Further, Affin Hwang IB confirms that it is not aware of any conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser to the Company for the Proposed Settlement.

5. CREDENTIALS AND EXPERIENCE OF AFFIN HWANG IB

Affin Hwang IB is a participating organisation of Bursa Securities and provides a range of services including corporate finance advisory, debt capital markets services, structured lending, stockbroking and research. Our corporate finance advisory team provides a full range of corporate finance advisory services including mergers and acquisitions, corporate and debt restructuring, initial public offerings, equity fund raisings and independent advisory opinions.

Affin Hwang IB had, over the past two (2) year prior to 25 October 2021, being the date of execution of the Settlement Agreement and up to the LPD, issued two (2) independent advice opinions in relation to related party transactions under the Listing Requirements that include acquisitions and disposals transactions undertaken by certain public listed companies as well as four (4) take-over offers and selective capital reduction under the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, with a total transaction value of approximately RM581.61 million.

The details of our past experience are as follows:

- (i) disposal of the entire equity interest in MSM Perlis Sdn Bhd, a wholly-owned subsidiary of MSM Malaysia Holdings Berhad, to FGV Integrated Farming Holdings Sdn Bhd for an initial disposal consideration of RM175 million in cash, subject to adjustment for net working capital and net debt at completion. Our independent advice letter was issued on 27 August 2021.
- (ii) unconditional voluntary take-over offer by Jardine Cycle & Carriage Limited ("**JCCL**"), through CIMB Investment Bank Berhad, to acquire all the remaining ordinary shares in Cycle & Carriage Bintang Berhad not already held by JCCL ("**Offer Shares**") at a cash consideration of RM2.40 per Offer Share. Our independent advice circular was issued on 19 April 2021;
- (iii) conversion of Amanah Harta Tanah PNB ("**AHP**") to an unlisted real estate investment trust by way of selective unit redemption exercise and amendments to the first restated deed of AHP dated 13 August 2015 at cash consideration of RM1.00 per AHP unit. Our independent advice letter was issued on 16 November 2020;
- (iv) lease arrangement with HCK group of companies for the leasing of part of a development namely. Edumetre @ Subang Jaya, by SEGi College (Subang Jaya) Sdn Bhd, a wholly-owned subsidiary of SEG International Bhd via the execution of the agreement to lease. Our independent advice letter was issued on 8 September 2020;
- (v) unconditional mandatory take-over offer by Yee Lee Organization Bhd, Dato' Lim A Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn Bhd (collectively, "**Joint Offerors**") to acquire all the remaining ordinary shares in Yee Lee Corporation Bhd not already held by the Joint Offerors ("**Offer Share(s)**") at a cash consideration of RM2.06 per Offer Share. Our independent advice circular was issued on 12 June 2020; and
- (vi) selective capital reduction and repayment exercise undertaken by Cycle & Carriage Bintang Berhad pursuant to Section 116 of the Act. Our independent advice circular was issued on 14 January 2020.

Based on the above, we are capable and competent in carrying out our role and responsibilities as the Independent Adviser to advise the non-interested shareholders of the Company in relation to the Proposed Settlement.

6. EVALUATION OF THE PROPOSED SETTLEMENT

In evaluating the Proposed Settlement, we have taken into consideration the following:

Analysis	Section in this IAL
(i) Rationale and benefits of the Proposed Settlement	Section 6.1
(ii) Basis and justification for arriving at the Transfer Amount and Balance Amount	Section 6.2
(iii) Salient terms of the Settlement Agreement	Section 6.3
(iv) Industry overview and prospects	Section 6.4
(v) Risk factors	Section 6.5
(vi) Effects of the Proposed Settlement	Section 6.6

6.1 RATIONALE AND BENEFITS FOR THE PROPOSED SETTLEMENT

The rationale and benefits of the Proposed Settlement is as set out in Section 3, Part A of this Circular and our comments on the rationale and benefits are as follows:

(i) Settlement of the Transfer Amount without having to undergo a litigation process

We noted that CWSC previously traded with NBH Marketing, of which NBH and TSS are the directors and shareholders. CWSC started to trade with NBHSC in October 2019 and the Amount Owing is in respect of the sale of steel products from CWSC to NBHSC during the period between January 2020 to April 2020. The background of the Amount Owing is set out in Section 2.1, Part A of this Circular.

The Proposed Settlement is undertaken to address the Amount Owing by NBHSC in the following manner:

- (a) the Transfer Amount is settled in kind by way of transfer of 45% NBH Realty and 45% Jadi Raya and the assignment of the TSS Advances to CWSC on the Completion Date. For avoidance of doubt, there will be no cash to be received by CWSC from the Transfer Amount; and
- (b) the Balance Amount which will remain outstanding upon the Completion Date and shall be settled by NBHSC over the Period in the manner as stated in Section 7, Appendix I of this Circular.

As a result of the Proposed Settlement, CWSC would be able to substitute the Transfer Amount with the 45% equity interest in both NBH Realty and Jadi Raya, the companies which own Lot 41346 and Lot 41347 respectively. The aggregate value based on the RNAV of the 45% NBH Realty and 45% Jadi Raya is approximately RM1.79 million, after adjusting for the market value of the Lands as appraised by CBRE|WTW and after taking into consideration all the assets and liabilities of NBH Realty and Jadi Raya (i.e. before the assignment of the TSS Advances to CWSC) as stated in Section 2.6(i), Part A of this Circular. The assignment of the TSS Advances (from TSS to CWSC) forms part of the Transfer Amount and this Transfer Amount is to partially offset the Amount Owing. The TSS Advances amount in NBH Realty and Jadi Raya are fully backed by the value of the lands in NBH Realty and Jadi Raya respectively (i.e. adjusted NA of NBH Realty and Jadi Raya, after taking into consideration the current market value of the Lands as appraised by the Valuer, are positive). Hence, the assignment of the advances of RM18,399,754.41 and RM7,496,026.11 in NBH Realty and Jadi Raya respectively (which form the TSS Advances) serves to assign an equivalent value of RM18,399,754.41 and RM7,496,026.11 of the lands in NBH Realty and Jadi Raya respectively.

With the assignment of the TSS Advances to CWSC, Chin Well will then be able to retain the advances amount within the Group and thus increase the Group's NA as there will be no external advances to be repaid. This assignment of the TSS Advances, in addition to the transfer of 45% equity interest in NBH Realty and Jadi Raya to CWSC, forms the Transfer Amount.

We also noted that the Board had also obtained legal advice and considered various options (including initiating legal action against NBHSC) to recover the Amount Owing. It is the Board's opinion that the Proposed Settlement will enable CWSC to recover the Transfer Amount in a more expeditious manner on the Completion Date and sets out the arrangement for the Balance Amount to be settled over the Period in the manner as stated Section 7, Appendix I of this Circular without undergoing a litigation process.

After taking into consideration the timeframe to fulfil the condition precedent as set out in Section 1, Appendix I of this Circular which is the approval of the non-interested shareholders of Chin Well being obtained, the Proposed Settlement is expected to be completed within seven (7) months from the date of Settlement Agreement.

As opposed to the Proposed Settlement, the litigation process is time consuming. Depending on the complexity of the issues, the litigation process may take up to several years for the Court to come to an initial judgement. This translates to CWSC having to wait for several years until a judgement is pronounced. However, the matter does not automatically come to an end with the pronouncement of judgment by the Court, as the aggrieved party (in most cases) would appeal to the Court of Appeal, and thereafter to the apex Court, the Federal Court. Hence, the litigation process can be protracted.

Further, the litigation process can become costly with legal fees and other costs associated with going to trial. The cost of litigation will rise in accordance with the length of the pre-trial period as well as the length of the trial, meaning that the longer it takes to resolve the matter, the higher the litigation costs. This cost of litigation will increase with every level of appeal, from that of the Court of Appeal to the Federal Court.

After undergoing the court process and the costs as described above, the outcome of litigation is still uncertain.

Further, we noted that CWSC was unable to obtain the financial information of NBHSC as NBHSC have not filed any financial statements with Suruhanjaya Syarikat Malaysia. Should the Company choose to undertake the litigation route, apart from legal costs to be incurred and time to be expended, the desired outcome may not be achieved as compared to entering into the Settlement Agreement which provides greater certainty of outcome. As such, there will be no assurance on the recoverability of the Amount Owing under a litigation process.

By undertaking the Proposed Settlement and on the Completion Date, the Transfer Amount is settled (without having to sell the Lands and without having to repay the TSS Advances) and the amount remaining outstanding is only the Balance Amount. It is noted that the Proposed Settlement does not involve a cash payment from the Transfer Amount as it is a settlement in kind and further, the TSS Advances and the Balance Amount are only recoverable in the future dependent on the sale or development of the Lands. In considering the reasonableness of the rationale for the Proposed Settlement, we note that the Proposed Settlement will allow Chin Well Group to resolve the uncertainties from pursuing a litigation process and to gain an interest in the Lands which may be sold or developed where the Lands may potentially appreciate in value in the future.

(ii) No further provision and/or impairment required by Chin Well Group arising from the Amount Owing

We noted the Chin Well Group has provided for the following, arising from the Amount Owing, in its consolidated financial statements:

- (a) an allowance for credit losses of approximately RM16.75 million for the FYE 30 June 2020; and
- (b) an allowance for credit loss and provision for unwinding interest of approximately RM3.44 million and RM2.62 million for the FYE 30 June 2021.

Out of the total provision of approximately RM22.81 million as described above, by undertaking the Proposed Settlement, approximately RM2.62 million will be reversed over a period of five (5) years and the said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well.

On the Completion Date, as for the Amount Owing, the Transfer Amount is deemed as settled by way of transfer of 45% NBH Realty and 45% Jadi Raya and assignment of the TSS Advances and the Balance Amount will remain outstanding upon the Completion Date and shall be settled by NBHSC over the Period in the manner as stated in Section 7, Appendix I of this Circular. By undertaking the Proposed Settlement, there will be no further provision and/or impairment required by Chin Well Group arising from the Amount Owing as the Transfer Amount is settled on the Completion Date and the Balance Amount has been fully provided as an allowance for credit losses in the prior years. Without undertaking the Proposed Settlement, further provisions for credit loss and unwinding interest may be required for FYE 30 June 2022.

(iii) To recover part or all of the Balance Amount by unlocking the value of the Lands

On the Completion Date (without having to sell the Lands), the Transfer Amount is settled and the amount remaining outstanding is only the Balance Amount. The Balance Amount shall be settled by NBHSC in the manner as stated in Section 7, Appendix I of this Circular.

The Lands comprise Lot 41346 and Lot 41347 with a total land area of approximately 47.08 hectares. The Lands are situated in Bandar Serendah, District of Ulu Selangor, Selangor. Based on the Valuation Report, the Lands are valued at a market value of RM62.00 million.

We noted that it is the Group's intention to hold the Lands until their market values have appreciated beyond their current valuation, prior to disposing them. The Group may also consider developing the Lands should any joint venture opportunities arise and will take into consideration factors, amongst others, the prevailing property market conditions and anticipated return on investment.

Further, we also noted that the remaining shareholders of NBH Realty and Jadi Raya have agreed to allow CWSC to make all decisions regarding the Lands in accordance with the terms and conditions of the Settlement Agreement, including but not limited to:

- (a) the disposal of the Lands by way of a sale to any party; and/or
- (b) the entry of any joint venture agreement with any party for the purpose of developing the Lands.

The Period has been agreed between CWSC and the Parties and we are also of the view that the Period of five (5) years would be a reasonable timeframe for the Group to realise the Excess Sum to settle the Balance Amount. In addition, the Group may also be able to benefit from the appreciation in the Lands' value in the future.

The recoverability of the Balance Amount is subject to the sale of the Lands above the current market value as appraised by the Valuer and/or cash settlement by NBHSC, over the Period in the manner as stated in Section 7, Appendix I of this Circular.

Based on the above, should the Group be able to recover part or all of the Balance Amount via the sale of the Lands, the financial position and cash flow position of the Group is expected to improve. Further, should the Group develop the Lands via joint ventures in the future, this is also expected to improve the Group's financial position. Should there be any Balance Amount that remains outstanding after the Lands are sold or developed via joint venture, NBHSC is still obligated to settle the remaining Balance Amount to CWSC.

Premised on the above, we are of the view that the rationale and benefits of the Proposed Settlement is reasonable and not detrimental to the non-interested shareholders of Chin Well.

6.2 BASIS AND JUSTIFICATION FOR ARRIVING AT THE TRANSFER AMOUNT AND BALANCE AMOUNT

The basis and justification for arriving at the Transfer Amount and Balance Amount are set out in Section 2.6, Part A of this Circular.

(i) Transfer Amount

The Transfer Amount is based on the following:

	Amount RM
45% NBH Realty	1,686,979.17
45% Jadi Raya	98,514.90
TSS Advances	25,895,780.52
Total	27,681,274.59

Valuation of 45% NBH Realty and 45% Jadi Raya

In arriving at the fair value of NBH Realty and Jadi Raya, we are of the view that the RNAV is the most appropriate valuation methodology to value these companies as NBH Realty and Jadi Raya are principally involved in property investment. RNAV is a commonly adopted valuation methodology for the valuation of asset-based companies which have material property-based assets carried at historical costs in their financial statements. RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their current market values, based on the assumption that the market value of the assets is realisable on a willing-buyer willing-seller basis in the open market.

We noted that the RNAV of NBH Realty and Jadi Raya is computed as follows:

	NBH Realty RM	Jadi Raya RM
Audited NL/ NA as at 31 December 2020	(178,959)	2,286,190
Adjusted for revaluation surplus/ impairment loss ^(a)	4,364,224	(2,067,268)
Less: Deferred taxation of 10% of the revaluation surplus ^(b)	(436,422)	-
RNAV – 100% equity interest	3,748,843	218,922
RNAV – 45% equity interest	1,686,979.17	98,514.90

Notes:

(a) The net revaluation surplus/ impairment loss is calculated as follows:

Lands	Market Value RM	Audited NBV as at 31 December 2020 RM	Revaluation surplus/ (impairment loss) RM
NBH Realty - Lot 41346	45,000,000	40,635,776	4,364,224
Jadi Raya – Lot 41347	17,000,000	19,067,268	(2,067,268)

(b) A 10% deferred tax rate is applicable as Lot 41346 has been owned by NBH Realty for more than six (6) years.

In arriving at the value to be set off against the Amount Owing, the NA of NBH Realty and Jadi Raya, based on their respective latest audited financial statements, have been adjusted for the market value of the Lands as appraised by the Valuer and have taken into consideration the estimated deferred taxation (if applicable). The amount to be set off against the Amount Owing represents the RNAV of NBH Realty and Jadi Raya based on a 45% equity interest.

We have also reviewed the Valuation Report prepared by the Valuer and noted that the Valuer has adopted the comparison approach to arrive at the market value of the Lands. The comparison approach is premised on the principle that a comparison may be made of the property under valuation with sales of other similar properties. Where dissimilarities exist, adjustments are made.

Under the comparison approach, an estimate of the market value is derived by comparing the property under valuation with other similar properties that had been sold in the recent past.

In determining the value by this method, a survey was made of similar type of property sales that have occurred in this or similar areas within the recent past. The comparable sale prices are then adjusted for comparability to reflect differences in location, accessibility/visibility, size, tenure, shape, type of development and other relevant characteristics to make the comparables as similar as possible to the Lands.

We also noted that the Valuer has adopted only one (1) method (i.e. comparison approach) to arrive at the market value of the Lands based on the following factors:

- (a) there is no development order or any development planning approval of any sort as at the material date of valuation (i.e. 24 August 2021). Thus, the situation does not merit the use of the residual method in arriving at the market value of the Lands;
- (b) there is sufficient transaction data of lands with similar size and tenure available for comparison; and
- (c) there is a dearth of vacant lands for rent in Bandar Serendah, District of Ulu Selangor, which demonstrates that most of the purchasers' intention is for own use or for development purposes. In the absence of actual rental transactions, the only reliable source is via property advertisements. The rental rates as published in these advertisements are only asking prices and therefore are not the true representation of the actual tenancy rates in the areas. Any adjustments made will only be arbitrary and as such, the accuracy of using the income approach in arriving at the market value of the Lands would be diminished.

We are of the view that the comparison approach applied by the Valuer for the market value of the Lands is reasonable, appropriately applied and consistent with generally applied valuation methodologies for such properties. However, we wish to highlight that this method is subject to, amongst others, the prevalent market conditions, supply and demand within the industry, general state of the economy and all the assumptions used in arriving at the market values derived by the Valuer.

For the purposes of the valuation, CBRE|WTW has adopted the following comparables to value the Lands:

Details	Comparable 1	Comparable 2	Comparable 3
Property type	Residential land	Development land	Development land
Location	Sungai Buaya	Serendah	Kampung Baru Kundang
Mukim/Town	Bandar Serendah/ Serendah	Serendah	Rawang / Kundang
Land area	7,437,371 square feet ("sq ft")	2,320,100 sq ft	7,251,841 sq ft
Land tenure	Freehold	Freehold	Freehold
Transaction date	16 August 2021	27 January 2021	13 May 2019
Consideration	RM89,248,451	RM54,522,345	RM123,280,288
Price per sq ft	RM12.00	RM23.50	RM17.00
Adjustments ^(a)	Adjustment has been made to time factors, location-accessibility/visibility, size, terrain, categories of land use and negative factor		
Adjusted value per sq ft	RM15.00	RM15.63	RM16.06

Note:

(a) The adjustments made to the comparables below, to arrive at the adjusted value to be used as a base for the Lands, are as follows:

Adjustment factor	Comparable 1	Comparable 2	Comparable 3
Time factors	-	5% downward as it was transacted in early 2021	10% downward as it was transacted in 2019
Location – General	-	5% downward as it located at Serendah which is superior to the Lands	5% downward as it located at Kampung Baru Kundang which is superior to the Lands
Location - accessibility/visibility	10% upward as it only has visibility from North-South Expressway as compared to the Lands has visibility from North-South Expressway and Sungai Buaya interchange	25% downward as it has a better accessibility as compared to the Lands	25% downward as it has a better accessibility as compared to the Lands
Size	15% upward as it is larger than the Lands	5% downward as it is smaller than the Lands	15% upward as it is larger than the Lands
Terrain	-	10% downward as it is undulating as compared to the Lands which is undulating and hilly	15% downward as it is flat to undulating as compared to the Lands which is undulating and hilly

Adjustment factor	Comparable 1	Comparable 2	Comparable 3
<i>Categories of land use</i>	-	15% upward as it is an agricultural land	15% upward as it is an agricultural land
<i>Others</i>	-	-	20% upward as it is near a cemetery

Based on the Valuation Report, we noted that the information on comparable properties are extracted from the announcements on Bursa Securities and Valuation and Property Services Department (JPPH).

We are of the view that each assumption made by the Valuer in respect of the adjustment factors to the comparables above forms an integral part in the Valuer's computation to derive at the market value of the Lands. The assumptions made are reasonable and consistent with valuations of such nature.

Lot 41346 Section 20 (Base Lot)

From the above analysis, the adjusted land value of comparables range from RM15.00 per sq ft to RM16.06 per sq ft. CBRE|WTW has relied on Comparable 1 and Comparable 2 as their best comparables after taking into consideration the date of the transactions and the location of Comparable 1 is adjacent to the north of Lot 41346 and has similar express condition with the Lands. Therefore, CBRE|WTW has adopted a rounded value of RM15.00 per sq ft and derived the market value of Lot 41346 at RM45,224,520, say RM45,000,000.

As at the date of valuation, the transaction for both comparables have yet to be completed, In addition, CBRE|WTW noted that Comparable 1 is not subject to shareholder's approval whilst Comparable 2 has secured the shareholder's approval. Based on the Valuation Report, both comparables reflect to the present market conditions as the transactions are non-related party.

We are of the view that the analysis made by the Valuer in respect of the comparables used to derive at the market value of Lot 41346 are reasonable and consistent with valuations of such nature.

Lot 41347 Section 20

Further adjustments from the adjusted value of RM15.00 per sq ft have been made for Lot 41347 from the base value of RM15.00 per sq ft as follows:

Item	Adjustments
Location (Next to TNB Transmission Line)	-10%
Access	-5%
Size	5%
Shape	-10%
Total	-20%

The value after the above adjustments is RM12.00 per sq. ft. Based on RM12.00 per sq ft for Lot 41347 Section 20, the land value for Lot 41347 Section 20 is derived at RM17,052,672.

CBRE|WTW has adopted RM1.20 per sq ft (10% of the base value) for the area under TNB Transmission Line due the limited usage and development potential. Therefore, the market value for area under TNB Transmission Line is derived at RM757,944.

CBRE|WTW has further allocated RM200,000 as an estimated cost to evict the squatters. Based on Dasar Perumahan Mampu Milik Negeri Selangor (Rumah Selangorku 2.0), the selling price for low cost terraced is RM42,000 per unit. After taking into consideration the legal and other cost to evict the squatters, the estimated compensation cost of RM100,000 per squatter is used.

In view that the eviction of the squatters will take some times, CBRE|WTW has discounted the land value over a period of six (6) months at a rate of 8.00%.

We are of the view that the analysis and adjustments made by the Valuer to derive at the market value of Lot 41347 are reasonable and consistent with valuations of such nature.

In summary, the market value of the Lands is as follows:

Lands	Market value RM
Lot 41346	45,000,000
Lot 41347	17,000,000
	62,000,000

Based on the above, the assumptions used in the valuation are reasonable. We are satisfied with the bases and assumptions adopted by the Valuer in deriving the valuation for the Lands. As such, we have relied upon the valuation for the purposes of calculating the RNAV of NBH Realty and Jadi Raya.

Assignment of TSS Advances

The assignment of TSS Advances is based on the amount owing from NBH Realty and Jadi Raya to TSS as at the date of the Settlement Agreement. We are of the view that the value is fair as it is based on the actual amount owing by NBH Realty and Jadi Raya to TSS as at the date of the Settlement Agreement.

(ii) Balance Amount

The Balance Amount represents the Amount Owing after deducting the Transfer Amount. This amount will remain outstanding upon the Completion Date and shall be settled over the Period in the manner as stated in Section 7, Appendix I of this Circular.

Premised on the above, we are of the view that the basis and justification for arriving at the Transfer Amount and Balance Amount is fair and reasonable and is not detrimental to the non-interested shareholders of Chin Well.

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6.3 SALIENT TERMS OF THE SETTLEMENT AGREEMENT

The salient terms of the Settlement Agreement (as extracted from Appendix I of this Circular) together with our comments are as follows:

No.	Salient terms	Affin Hwang IB's comments
1.	<p>Condition Precedent</p> <p>(i) The Settlement Agreement shall always be conditional upon obtaining approval from the shareholders of Chin Well at an EGM in accordance with the Listing Requirements.</p> <p>(ii) The condition precedent shall be fulfilled within the Conditional Period.</p> <p>(iii) In the event the shareholders of Chin Well do not approve the Proposed Settlement, then it is hereby agreed by the Parties that:</p> <ul style="list-style-type: none"> (a) the Settlement Agreement shall be deemed terminated; (b) the NBHSC and NBH Undertaking, TSS Undertaking and NBH Undertaking and all provisions of the clauses of the Settlement Agreement shall automatically lapse and be void (save for the standard clauses in agreements that survives termination) wherein the Parties shall be entitled in law to pursue all rights, claims and/or any defences available to them to prosecute and/or resist any claim, demand, suit, action, report, etc., filed and/or to be filed by CWSC against NBH, NBHSC and/or any other parties (and vice versa), as if the Settlement Agreement had never been entered into by the Parties; 	<p>This term is reasonable as the holding company of CWSC i.e. Chin Well is required to procure the relevant requisite approvals and to be in compliance with the applicable laws and regulatory requirements.</p> <p>This provides an opportunity for non-interested shareholders to deliberate and decide on the Proposed Settlement before it becomes unconditional. Thus, this requirement is considered as reasonable to the non-interested shareholders.</p> <p>We are of the view that the Conditional Period (i.e. six (6) months period or such extended time period as the Parties shall mutually agree in writing) to meet the condition precedent of the Settlement Agreement, is reasonable.</p> <p>We are of the view that this term is reasonable as it is a common term for such agreements.</p>

No.	Salient terms	Affin Hwang IB's comments
	<p>(c) the NBHSC and NBH Undertaking, TSS Undertaking and NBH Undertaking are only intended for the completion of the Settlement Agreement; and</p> <p>(d) the Parties and/or their related parties shall be estopped (including by way of the wider application of the doctrine of estoppel) from raising the Settlement Agreement or any of the clauses of the Settlement Agreement in any manner whatsoever and howsoever in respect of any claim, demand, suit, action, report filed and/or to be filed by the Parties against the other.</p>	
2.	<p>Unconditional Date</p> <p>The Settlement Agreement shall become unconditional upon the fulfilment of the condition precedent and service of a written notification of the same to INYK, (enclosing two (2) sets of the certified true copy of the resolution of the shareholders of Chin Well for the Proposed Settlement in accordance with terms and conditions of the Settlement Agreement) within seven (7) days from the date of passing of the said resolution.</p>	<p>We are of the view that this term is reasonable as it is a common term for such agreements. It also provides a reasonable timeframe for the Proposed Settlement to become unconditional upon the fulfilment of the condition precedent.</p>
3.	<p>Transfer of shares</p> <p>(i) TSS covenants, guarantees and undertakes to fulfil the TSS Undertaking by transferring her entire shares in the following companies free from all encumbrances and together with all rights attaching thereto as at the Completion Date:</p> <p>(a) NBH Realty, namely 44,999 ordinary shares of NBH Realty representing 44.999% of the issued and paid up ordinary share capital of NBH Realty; and</p> <p>(b) Jadi Raya, namely 45,000 ordinary shares of Jadi Raya representing 45% of the issued and paid up ordinary share capital of Jadi Raya,</p> <p>to CWSC within seven (7) days of the Unconditional Date.</p>	<p>We are of the view that this term is reasonable as it sets out a reasonable timeframe for the undertakings by TSS and NBH to be carried out to facilitate the Proposed Settlement.</p>

No.	Salient terms	Affin Hwang IB's comments
(ii)	<p>NBH covenants, guarantees and undertakes to fulfil the NBH Undertaking by transferring his entire shares held in NBH Realty free from all encumbrances and together with all rights attaching thereto as at the Completion Date, namely one (1) ordinary share of NBH Realty representing 0.001% of the issued and paid up ordinary share capital of NBH Realty to CWSC within seven (7) days of the Unconditional Date.</p>	
4.	<p>Assignment of TSS Advances</p> <p>In consideration of the Settlement Agreement, TSS assigns TSS Advances to CWSC with effect from the Completion Date.</p> <p>Save and except for a breach of the Settlement Agreement by CWSC, TSS shall not for whatever reason challenge the assignment of TSS Advances to CWSC.</p>	<p>We are of the view that this term is reasonable as it formalises the assignment of TSS Advances to CWSC. This term also serves to safeguard the interest of CWSC.</p>
5.	<p>Completion</p> <p>The completion date shall take place at the registered office of NBH Realty and Jadi Raya (or at such other place as the Parties may agree) and shall not be more than seven (7) days from the Unconditional Date or any other date the Parties may agree in writing.</p>	<p>The term simply defines the point at which the Settlement Agreement is deemed completed and is reasonable.</p>

No.	Salient terms	Affin Hwang IB's comments
6.	<p>Failure to complete</p> <p>(i) Without prejudice to any other remedies available to CWSC, if the provisions of Section 5 above are not complied by the Parties, then CWSC shall be entitled at its absolute discretion to:</p> <p>(a) institute an action for specific performance and all relief flowing therefrom; or</p> <p>(b) terminate the Settlement Agreement by written notice and institute an action for damages.</p> <p>(ii) In the event of termination, the Settlement Agreement shall cease to be of any effect save for the standard clauses in agreements that survive termination which shall remain in force.</p> <p>(iii) For the avoidance of doubt, the provisions above shall apply mutatis mutandis to NBH and/or NBHSC for any breach of the provisions of the Settlement Agreement regarding completion by CWSC.</p>	<p>We are of the view that this term is reasonable as it provides grounds for CSWC and the Parties to terminate the Settlement Agreement or institute an action for specific performance in the event of non-fulfilment of conditions of the Settlement Agreement.</p>

No.	Salient terms	Affin Hwang IB's comments
7.	<p data-bbox="245 1763 282 1988">Balance Amount</p> <p data-bbox="315 1042 375 1988">(i) The Parties agree that CWSC shall allow the Balance Amount (free of interest) to be settled by NBHSC the Period in the following manner:</p> <p data-bbox="407 1042 651 1988">(a) in the event Lot 41346 and Lot 41347 are sold by NBH Realty and Jadi Raya within the Period at a purchase price above the market value of Lot 41346 and Lot 41347 as appraised by CBRE WTW (“Excess Sum”) and provided that the full purchase price has been received by NBH Realty and Jadi Raya, 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, shall be considered by CWSC as a set off by NBHSC of the Balance Amount; and</p> <p data-bbox="683 1042 797 1988">(b) in the event that 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, is less than the Balance Amount and a shortfall occurs (“Shortfall”), NBHSC shall pay the Shortfall to CWSC by cash.</p> <p data-bbox="829 1042 919 1988">For the avoidance of doubt, Excess Sum shall mean the difference between the purchase price and the market value of Lot 41346 and Lot 41347 as appraised by CBRE WTW.</p> <p data-bbox="951 1042 1073 1988">(ii) The Parties agree that if 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, is equivalent to or exceeds the Balance Amount, the Balance Amount shall be deemed extinguished.</p> <p data-bbox="1105 1042 1227 1988">(iii) The Parties further agree that if 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, exceeds the Balance Amount and a surplus occurs (“Surplus”), the Surplus shall belong absolutely to and be retained by CWSC.</p>	<p data-bbox="315 250 375 1042">This term sets out the timing and payment manner to account for the repayment of the Balance Amount by NBHSC to CWSC.</p> <p data-bbox="407 250 529 1042">By undertaking the Proposed Settlement and on the Completion Date, the Transfer Amount is settled (without having to sell the Lands and without having to repay the TSS Advances) and the amount remaining outstanding is only the Balance Amount.</p> <p data-bbox="561 250 797 1042">We noted that both CWSC and the Parties have agreed to allow the Balance Amount to be settled within five (5) years from the Completion Date or such extended period agreed upon by CWSC. The period of five (5) years is reasonable and in the best interest of the non-interested shareholders as this provides sufficient time for the Lands to potentially appreciate in value and thus allow NBHSC to settle the Balance Amount via the Excess Sum or by cash.</p> <p data-bbox="829 250 1016 1042">We also noted that the Excess Sum will be considered by CWSC as a set off by NBHSC of the Balance Amount. Any remaining Balance Amount not being set off by the Excess Sum within the said Period will remain outstanding. CWSC reserves the right to take any necessary action in relation to the amount outstanding after the said Period.</p> <p data-bbox="1049 250 1138 1042">We are of the view that this term is reasonable as the Balance Amount shall only be deemed as fully settled if 45% of the Excess Sum is equivalent to or exceeds the Balance Amount.</p> <p data-bbox="1170 250 1317 1042">In addition, the Parties further agreed that should NBH Realty and Jadi Raya receive the proceeds from the disposal of the Lands which exceed the Balance Amount, the Surplus shall belong absolutely to and retained by CWSC. We are of the view that this term is reasonable.</p>

No.	Salient terms	Affin Hwang IB's comments
8.	<p data-bbox="315 1042 407 1988">In the event Lot 41346 and Lot 41347 are sold within the Period at a price above the market value of Lot 41346 and Lot 41347 as appraised by CBRE WTW through:</p> <p data-bbox="467 1042 586 1988">(i) a broker introduced by CWSC, then, in addition to the commission payable by NBH Realty and Jadi Raya to the said broker, CWSC shall pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission of 2% of RM27,900,000.00; or</p> <p data-bbox="862 1042 1045 1988">(ii) a broker introduced by NBH and/or NBHSC in writing, then CWSC shall cause NBH Realty and Jadi Raya to pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission of 3% of the purchase price of Lot 41346 and Lot 41347 and NBH and/or NBHSC shall be solely responsible for all and any commission payable to the said broker,</p> <p data-bbox="1078 1042 1138 1988">provided always that the purchaser of Lot 41346 and Lot 41347 has paid the full purchase price to NBH Realty and Jadi Raya.</p>	<p data-bbox="315 250 435 1042">The sale of the Lands at a price above the market value appraised by CBRE WTW will enable CWSC to unlock the value of the Lands in cash and thus improving the financial position of the Group.</p> <p data-bbox="467 250 834 1042">In the event a broker is introduced by CWSC, a fixed commission of approximately RM0.56 million (i.e. 2% x RM27,900,000.00) will also be payable by CWSC to NBH, NBHSC and/or the nominees appointed by NBH. The payment of this commission to NBH, NBHSC and its nominee is payable only when the Lands are sold above the market value as appraised by the Valuer. This is a negotiated term agreed between CWSC and the Parties as part of the Proposed Settlement. We also noted that RM27,900,000 is based on 45% of the market value of the Lands as appraised by the Valuer of RM62.00 million. We further noted that there is commission payable to the said broker for the sale of the Lands by NBH Realty and Jadi Raya at a rate to be agreed upon.</p> <p data-bbox="862 250 1013 1042">In the event a broker is introduced by NBH and/or NBHSC, a commission will be paid to NBH, NBHSC and/or the nominees appointed by NBH (i.e. 3% of the disposal price of the Lands). We noted that the 3% commission is the market rate which is usually charged by a broker for normal land sale transaction.</p>

No.	Salient terms	Affin Hwang IB's comments
9.	<p>Joint Venture Offer(s)</p> <p>If there is non-occurrence of any of the events in Sections 8(i) or (ii) of this Appendix, the Parties agree that during the said Period, CWSC shall consider any proposal brought by third party/parties introduced by NBH, NBHSC and/or a broker introduced by them and confirmed by NBH in writing to NBH Realty and Jadi Raya involving any joint venture of Lot 41346 and Lot 41347 with the said third party/parties and upon the execution of a joint venture agreement on terms to be mutually agreed, then CWSC shall cause NBH Realty and Jadi Raya to pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission equivalent to 3% of the value of Lot 41346 and Lot 41347 as at the date of the said joint venture agreement as determined by CBRE WTW or such other reputable valuer appointed by CWSC and NBH and/or NBHSC shall be solely responsible for all and any commission payable to the said broker, provided always that the said commission shall be payable only upon all such condition(s) precedent (if any) in the said joint venture agreement has/have become unconditional.</p>	<p>This term will enable CWSC to develop the Lands via joint venture and set out the commission payable to NBH, NBHSC and/or the nominee appointed by them.</p> <p>The basis of the commission is based on the value of the Lands as at the date of the said joint venture agreements as determined by CBRE WTW or such other reputable valuer appointed by CWSC. This is reasonable as the value will reflect the actual market value of the Lands at that point of time.</p> <p>The commission of 3% due to NBH, NBHSC and/or the nominee appointed by NBH is also consistent with the agreed commission rate in the event that the Lands are sold and the broker is introduced by NBH and/or NBHSC, as stated in Section 8 (ii) above.</p> <p>We are of the view that the timeframe to pay the commission which is upon the joint venture agreements becoming unconditional, is reasonable.</p>
10.	<p>NHJ and Novamas Suit</p> <p>CWSC warrants to TSS, NBH and/or NBHSC that upon the Completion Date, CWSC shall withdraw the NHJ Suit and the Novamas Suit, regardless of what stage each of said suits is at, with no order as to costs and without liberty to file afresh provided always that it shall be TSS's, NBH's and NBHSC's obligations and at their own cost and expense to ensure that the defendants in NHJ Suit and Novamas Suit shall consent to the said withdrawal without liberty to file any action against CWSC by reason of any matters arising from or within the NHJ Suit and Novamas Suit.</p>	<p>We noted that CWSC has agreed not to make further claims against the defendants in the NHJ Suit and Novamas Suit and vice versa upon the Completion Date.</p>

No.	Salient terms	Affin Hwang IB's comments
11.	<p data-bbox="245 1816 282 1988">Termination</p> <p data-bbox="315 1042 467 1988">CWSC may by written notice given to the other Parties at Completion Date or any time prior to Completion Date terminate the Settlement Agreement if any fact, matter or event (whether existing or occurring on or before the date of the Settlement Agreement or arising or occurring afterwards) comes to the notice of CWSC at Completion Date or any time prior to Completion Date which:</p> <ul style="list-style-type: none"> <li data-bbox="500 1042 586 1988">(i) constitutes a breach by the other Parties of the Settlement Agreement which are not remedied within ten (10) business days' notice has been given to the Parties; or <li data-bbox="618 1042 704 1988">(ii) would constitute a breach of any of TSS's and NBH's warranties which are not remedied after ten (10) business days' notice has been given to the Parties. <p data-bbox="737 1042 889 1988">If, notwithstanding the occurrence of any fact, matter or event which would otherwise give rise to a right to terminate the Settlement Agreement, CWSC proceeds to completion, the fact that CWSC has proceeded to completion shall not constitute a waiver of any right or entitlement of CWSC to make any claim under the Settlement Agreement.</p>	<p data-bbox="315 252 435 1042">This term is reasonable as it gives CWSC the right to terminate the Settlement Agreement prior to the Completion Date if there is a breach by the other Parties of the Settlement Agreement. This is to safeguard the interest of CWSC.</p>

No.	Salient terms	Affin Hwang IB's comments
12.	<p data-bbox="245 1774 282 1986">Monetary limits</p> <p data-bbox="315 1040 435 1986">(i) The aggregate amount of the liability of NBH in respect of the aggregate of all claims in relation to the warranties given by NBH and TSS shall not exceed the Amount Owing, less the Balance Amount, provided always that:</p> <p data-bbox="467 1040 526 1986">(a) the transfer and registration of 45% NBH Realty and 45% Jadi Raya; and/or</p> <p data-bbox="558 1040 586 1986">(b) the assignment of TSS Advances</p> <p data-bbox="618 1040 677 1986">to and/or in favour of CWSC is or are not challenged and/or set aside by any party or parties.</p> <p data-bbox="709 1040 800 1986">(ii) NBH shall have no liability in respect of any claim unless the aggregate amount of such claim exceeds RM10,000 in which case NBH shall be liable for the full amount of the claims not just the excess.</p> <p data-bbox="833 1040 891 1986">(iii) For avoidance of doubt, NBH shall only be liable if such claim in this section is from party/parties to the Settlement Agreement.</p>	<p data-bbox="315 250 435 1040">This term is reasonable as the aggregate amount of liability to NBH pursuant to the Settlement Agreement is restricted to only the Transfer Amount as this is the amount to be settled upon the Completion Date.</p>

Based on the salient terms of the Settlement Agreement and our comments as set out above, we are of the view that the salient terms of the Settlement Agreement as a whole are reasonable and not detrimental to the non-interested shareholders of Chin Well.

6.4 INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

We take note of the industry overview, outlook and prospects as disclosed in Section 4, Part A of this Circular.

We set out below the overview and outlook of the Malaysian economy and property sector which forms part of our evaluation:

6.4.1 Overview and outlook of Malaysian economy

The Malaysian economy experienced the full adverse impact of the COVID-19 pandemic in 2020, with real gross domestic product (“**GDP**”) contracting by 5.6%. However, signs of recovery emerged in late 2020, followed by a significant increase in GDP growth of 16.1% in the second quarter of 2021 compared to a plunge of 17.2% in the corresponding quarter last year. The growth was attributed to the low base effect, recovery in external demand and the gradual reopening of economic sectors amid various Movement Control Orders (“**MCOs**”) to contain the viral infections. The implementation of eight stimulus and assistance packages totalling RM530 billion since 2020 and 2021 Budget measures to mitigate the impact on households and businesses also contributed to the growth. The growth momentum is expected to continue in the second half of the year with the implementation of the National Recovery Plan (“**NRP**”), an exit strategy from the health and economic crisis. The NRP entails opening up the economy in stages in line with the progress made in managing the pandemic. The acceleration of the National COVID-19 Immunisation Programme (“**PICK**”), an integral component of the NRP, is expected to enable the economy to fully open in the fourth quarter. With the favourable outlook for the fourth quarter, the economy is expected to grow between 3% – 4% in 2021.

The growth trajectory for 2022 is based on further expansion in global and domestic economic activities, fuelled by broader vaccine coverage and a further improvement in goods trade amid a slower recovery in services trade. The domestic demand recovery is projected to continue in 2022, anchored by private consumption, following the gradual improvement in labour market conditions amid a relaxation of containment measures, improved consumer sentiments and spending from the vaccine rollout as well as targeted policy support for vulnerable households. Rapid progress in the vaccination programme is also expected to release pent-up demand, particularly for domestic travel and leisure, further supporting the recovery. Stronger external demand, especially for electrical and electronics (“**E&E**”) products and major commodities, is expected to support the surge in exports, thus helping to maintain a surplus in the current account of the balance of payments (“**BOP**”).

Almost all economic sectors are projected to expand on the supply side, led by the services and manufacturing sectors, accounting for more than 80% of the economy. However, the mining sector is forecast to decline partly due to scheduled maintenance works. The normalisation of economic activities underpinned by mass vaccination is anticipated to boost wholesale and retail trade subsector and domestic tourism-related activities. The projected higher volume of manufactured products is also in line with the expected rising demand from export- and domestic-oriented industries. Positive consumer and business sentiments and expected improvement in earnings will support the recovery in the labour market, albeit at a more modest level than the pre-pandemic period. The continuation of various initiatives to stabilise the labour market and high vaccination rates are expected to provide some relief for employers in retaining their workers. Thus, the nation’s GDP is forecast to expand in the range of 5.5% – 6.5% in 2022.

(Source: Economic Outlook 2022, Ministry of Finance)

6.4.2 Overview and outlook of the property sector in Malaysia

The Real Estate and Housing Developers' Association Malaysia (“**REHDA**”) expects the property market to fully recover starting in 2022, given the positive domestic economic outlook.

According to the Property Industry Survey 1H2021 and Market Outlook 2H2021/1H2022, which were released today, 22% and 25% of the 180 respondents were optimistic about the domestic economic environment and business prospects for the industry in 1H22, respectively. This was an increase from only 6% and 7% who were optimistic about the domestic economic environment and business prospects for 2H21, respectively.

According to REHDA, respondents were more optimistic about the outlook for 1H22, anticipating a better job market and higher pay. If the economic recovery happens, it is anticipated that the property industry will also improve. With an improvement in employment, salaries and also job stability, there will be more buyers in the market. This recovery will continue into 2023 which can be seen from the survey that most of the developers were more optimistic about 2022 than 2021.

(Source: “REHDA: The property market will improve starting in 2022”, New Straits Times, 21 October 2021)

6.4.3 Prospects and future plans of the Land

On the Completion Date, CWSC will hold 45% equity interest in both NBH Realty and Jadi Raya, the companies which own the Lands.

As set out in Section 4.3, Part A of this Circular, the Lands are located at District of Hulu Selangor which are surrounded by a mixture of residential, commercial and industrial developments as well as various educational institutions. Based on the Valuation Report, there are a few established industrial areas in Hulu Selangor, namely Serendah, Bukit Beruntung and Hulu Yam, dominated by furniture, automotive and engineering businesses. In recent years, Hulu Selangor has seen to be one of the focussed areas for industrial sector with the development of UMW High Value Manufacturing Park in Serendah. The completion of Kuala Lumpur – Kuala Selangor (LATAR) Expressway and Rawang Bypass have eased the traffic congestions and enhance the connectivity within the area. It is anticipated that the demand for residential and commercial properties in Serendah may be driven by the industrial sector surrounding the Lands.

We noted that with the developments, amenities and infrastructure surrounding the Lands, the Board is of the opinion that the market value of the Lands is anticipated to appreciate in the future. Should NBH Realty and Jadi Raya be able to successfully dispose the Lands at a price which is higher than the market value as appraised by CBRE|WTW, CWSC would be able to recover part or all of the Balance Amount. As such, the Group will consequently strengthen its financial position and cash flow position.

The Group may also consider developing the Lands should any joint venture opportunities arise and will take into consideration factors, amongst others, the property market condition and anticipated return on investment. This is also expected to strengthen the financial position of the Group.

Whilst the overall economy has been on a decline during 2021 due to the COVID-19 pandemic, we also note that various measures have been introduced and put in place by the Government to soften the impact of the pandemic.

Should the Group be able to recover part or all of the Balance Amount via the sale of the Lands, it is expected to improve the Group’s financial position and cash flow position. Should any joint venture proposal materialise in the future, it is also expected to strengthen the financial position of the Group.

Premised on the above and as mentioned in Section 4, Part A of this Circular, we are of the view that the prospects of the Lands are reasonable and not detrimental to the non-interested shareholders of Chin Well.

6.5 RISK FACTORS

We have taken note of the risk factors associated with the Proposed Settlement as set out in Section 5, Part A of this Circular.

The following are the key risk factors relating to the Proposed Settlement:

(i) Non-completion risk

We noted that the Proposed Settlement is subject to the approval of the non-interested shareholders of Chin Well being obtained and the fulfilment of the condition precedent as set out in Section 1, Appendix I of this Circular. In the event that the condition precedent is not obtained or fulfilled on or before the Conditional Period (as defined in Section 1, Appendix I of this Circular), the Proposed Settlement will not be completed and the Proposed Settlement which serves to settle part of the Amount Owing due from NBHSC, i.e. the Transfer Amount, is not settled.

We are of the view that the non-completion risk is a common risk in any similar transaction. In the event the condition precedent of the Settlement Agreement cannot be fulfilled, the Group will not be able to complete the Proposed Settlement and reap the potential benefits expected from the Proposed Settlement.

Nevertheless, we take note that the Board will take reasonable steps to ensure that the condition precedent is met and use its best endeavours to obtain all necessary approvals for the Proposed Settlement within the stipulated timeframe.

(ii) Uncertainty on the recoverability of the Balance Amount and TSS Advances in cash

We noted that the Proposed Settlement entails the transfer of 45% NBH Realty and 45% Jadi Raya, the companies which own the Lands, as well as the TSS Advances to settle the Transfer Amount. The Transfer Amount was determined by the Parties after taking into consideration, amongst others, the prevailing market value of the Lands as appraised by CBRE|WTW which will be settled on the Completion Date.

In order for CWSC to fully recover the Balance Amount of approximately RM20.00 million from the sale of the Lands, the Lands will need to be sold at approximately RM106.45 million (i.e. RM106.45 million – RM62.00 million x 45% = RM20.00 million). There is however no assurance that the Lands can be sold at the said price.

We also note that the Group may also consider developing the Lands should any joint venture opportunities arise. However, there is no assurance that joint venture opportunities will materialise. Further, should there be any Balance Amount that remains outstanding after the Lands are sold or developed via joint venture, NBHSC is still obligated to settle the remaining Balance Amount to CWSC.

In addition, the recoverability of the TSS Advances in cash is also dependent on the sale or development of the Lands. In the event the Lands are not sold or developed, the TSS Advances may not be able to be recovered. However, there is no assurance that the sale or development of the Lands will be able to fully recover the TSS Advances in cash.

(iii) Impact of COVID-19 pandemic on market value of the Lands

We noted that the property development market is deeply affected by the COVID-19 outbreak, as stated under Section 4.2, Part A of this Circular.

It should also be noted that social and economic conditions in Malaysia have been affected by the COVID-19 pandemic in 2020 (which continued unabated into 2021) and the implementation of various MCOs over the past two (2) years. Despite the high vaccination rate and the recent re-opening of economic activities, the near-term outlook remains uncertain and any surge in infection rate and/or discovery of new COVID-19 variant of concerns may result in the Government re-implementing orders/policies, which may restrict business activities.

It was noted that the Valuation Reports were prepared on the basis of “material valuation uncertainty”. The reduced uncertainty requires a higher degree of caution to be placed on the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, frequent review of the Valuation Report is therefore recommended. However, the inclusion of the “material valuation uncertainty” declaration does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that in the current extraordinary circumstances less certainty can be attached to the valuation that otherwise would be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

Nevertheless, the Group will closely monitor the developments in the property market.

Nevertheless, we wish to highlight that although efforts and measures will be taken by the Group to mitigate the risks associated with the Proposed Settlement, there can be no assurance that one or a combination of risk factors as stated in Section 5, Part A of this Circular will not occur and give rise to a material and adverse impact on the business operations and financial performance of the Group.

In evaluating the Proposed Settlement, the non-interested shareholders of Chin Well should carefully consider the said risk factors associated with Proposed Settlement before voting on the resolutions pertaining to the Proposed Settlement at the forthcoming EGM of the Company. The non-interested shareholders should also note that the risk factors mentioned therein are not meant to be exhaustive.

6.6 EFFECTS OF THE PROPOSED SETTLEMENT

In evaluating the Proposed Settlement, we have taken note of the effects of the Proposed Settlement as set out in Section 6, Part A of this Circular.

(i)	Issued share capital and substantial shareholders' shareholdings	The Proposed Settlement will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company. The Proposed Settlement does not involve any issuance of new Chin Well Shares.
(ii)	NA, NA per Share and gearing	The Proposed Settlement is not expected to have a material pro forma effect on the NA, NA per Share and gearing of the Group based on its latest audited consolidated statement of financial position as at 30 June 2021, assuming that the Proposed Settlement had been effected as at 30 June 2021.

(iii)	Earnings and EPS	<p>Assuming that the Proposed Settlement had been effected at the beginning of the FYE 30 June 2021, the Proposed Settlement not expected to have any material effect on the earnings of the Group for the FYE 30 June 2021. Upon completion of Proposed Settlement, there will only be a reversal of provision for unwinding interest of approximately RM2.62 million over a period of five (5) years. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well.</p> <p>In the event Lands are valued at above the current market value as appraised by the Valuer for a disposal or developed via joint venture, the future earnings and EPS of the Chin Well Group are expected to improve in the future. Further, the credit loss of approximately RM20.19 million will be reversed and recognised as other income in the audited consolidated financial statements of Chin Well.</p> <p>We noted that without undertaking the Proposed Settlement, further provisions for credit loss and unwinding interest may be required for FYE 30 June 2022.</p>
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Premised on the above, the effects of the Proposed Settlement are fair and reasonable and not detrimental to the interest of the non-interested shareholders of Chin Well.

7 CONCLUSION AND RECOMMENDATION

We have assessed and evaluated the Proposed Settlement and have set out our evaluation in Section 6 of this IAL.

The Proposed Settlement is intended to address the Amount Owing by NBHSC to CWSC which has remained outstanding since April 2020.

The Board had obtained legal advice and considered various options (including initiating legal action against NBHSC) to recover the Amount Owing. It is the Board's opinion that the Proposed Settlement will enable CWSC to recover the Transfer Amount in an expeditious manner.

By entering into the Settlement Agreement and on the Completion Date which is estimated to take less than seven (7) months, the Transfer Amount is settled (without having to sell the Lands and without having to repay the TSS Advances) and the amount remaining outstanding is only the Balance Amount. The Balance Amount shall be settled by NBHSC in the manner as stated in Section 7, Appendix I of this Circular.

Our assessment and evaluation are summarised below:

- (i) by undertaking the Proposed Settlement, no further provision and/or impairment will be required by Chin Well Group in relation to the Amount Owing;
- (ii) there will be a reversal of provision for unwinding interest of approximately RM2.62 million over a period of five (5) years. The said reversal amount will be recognised as other income in the audited consolidated financial statements of Chin Well; and
- (iii) the Proposed Settlement will enable CWSC, with certainty of outcome, to recover the Transfer Amount in an expeditious manner and sets out the arrangement on how the Balance Amount shall be settled over the Period.

On the Completion Date, CWSC will hold 45% equity interest in both NBH Realty and Jadi Raya, the companies which own the Lands. The value of the Lands has been appraised by the Valuer. Should the Group be able to recover part or all of the Balance Amount via the sale of the Lands, the financial position and cash flow position of the Group is expected to improve. However, should the Group develop the Lands via joint ventures in the future, this is also expected to improve the Group's financial position.

Notwithstanding the above, we also wish to highlight that there are also risks associated with the Proposed Settlement, such as non-completion risk and uncertainty on the recoverability of the Balance Amount that the non-interested shareholders should also take into consideration, of which details are set out in Section 5, Part A of this Circular and Section 6.5 of this IAL.

After taking into consideration our overall assessment and evaluation of the Proposed Settlement based on the information available to us up to the LPD, we are of the view that the Proposed Settlement is **fair and reasonable** and **not detrimental** to the non-interested shareholders. Accordingly, we recommend that you **vote in favour** of the resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM of the Company.

Yours faithfully
For and on behalf of
AFFIN HWANG INVESTMENT BANK BERHAD

JOHAN HASHIM
Head
Corporate Finance

ANDREW CHOU
Director
Corporate Finance

SALIENT TERMS OF THE SETTLEMENT AGREEMENT

1. Condition Precedent

- (i) The Settlement Agreement shall always be conditional upon obtaining approval from the shareholders of Chin Well at an EGM in accordance with the Listing Requirements.
- (ii) The condition precedent shall be fulfilled within six (6) months from the date of the Settlement Agreement or such extended time period as the Parties shall mutually agree in writing ("**Conditional Period**").
- (iii) In the event the shareholders of Chin Well do not approve the Proposed Settlement, then it is hereby agreed by the Parties that:
 - (a) the Settlement Agreement shall be deemed terminated;
 - (b) NBHSC's and NBH's covenant, guarantee and/or undertaking to pay the Amount Owing to CWSC ("**NBHSC and NBH Undertaking**"), TSS's guarantee, covenant and undertaking to transfer her respective shares in NBH Realty and Jadi Raya as well as her TSS Advances to CWSC towards part settlement of the Amount Owing ("**TSS Undertaking**") and NBH's guarantee, covenant and undertaking to transfer his shares in NBH Realty to CWSC towards part settlement of the Amount Owing ("**NBH Undertaking**") and all provisions of the clauses of the Settlement Agreement shall automatically lapse and be void (save for the standard clauses in agreements that survives termination) wherein the Parties shall be entitled in law to pursue all rights, claims and/or any defences available to them to prosecute and/or resist any claim, demand, suit, action, report, etc., filed and/or to be filed by CWSC against NBH, NBHSC and/or any other parties (and vice versa), as if the Settlement Agreement had never been entered into by the Parties;
 - (c) the NBHSC and NBH Undertaking, TSS Undertaking and NBH Undertaking are only intended for the completion of the Settlement Agreement; and
 - (d) the Parties and/or their related parties shall be estopped (including by way of the wider application of the doctrine of estoppel) from raising the Settlement Agreement or any of the clauses of the Settlement Agreement in any manner whatsoever and howsoever in respect of any claim, demand, suit, action, report filed and/or to be filed by the Parties against the other.

2. Unconditional Date

The Settlement Agreement shall become unconditional upon the fulfilment of the condition precedent and service of a written notification of the same to Messer, Iza, Ng Yeoh & Kit ("**INYNK**"), (enclosing two (2) sets of the certified true copy of the resolution of the shareholders of Chin Well for the Proposed Settlement in accordance with terms and conditions of the Settlement Agreement) within seven (7) days from the date of passing of the said resolution ("**Unconditional Date**").

3. Transfer of shares

- (i) TSS covenants, guarantees and undertakes to fulfil the TSS Undertaking by transferring her entire shares in the following companies free from all encumbrances and together with all rights attaching thereto as at the Completion Date:

SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

- (a) NBH Realty, namely 44,999 ordinary shares of NBH Realty representing 44.999% of the issued and paid up ordinary share capital of NBH Realty; and
 - (b) Jadi Raya, namely 45,000 ordinary shares of Jadi Raya representing 45% of the issued and paid up ordinary share capital of Jadi Raya,
- to CWSC within seven (7) days of the Unconditional Date.
- (ii) NBH covenants, guarantees and undertakes to fulfil the NBH Undertaking by transferring his entire shares held in NBH Realty free from all encumbrances and together with all rights attaching thereto as at the Completion Date, namely one (1) ordinary share of NBH Realty representing 0.001% of the issued and paid up ordinary share capital of NBH Realty to CWSC within seven (7) days of the Unconditional Date.

4. Assignment of TSS Advances

In consideration of the Settlement Agreement, TSS assigns the TSS Advances to CWSC with effect from the Completion Date.

Save and except for a breach of the Settlement Agreement by CWSC, TSS shall not for whatever reason challenge the assignment of the TSS Advances to CWSC.

5. Completion

The completion date shall take place at the registered office of NBH Realty and Jadi Raya (or at such other place as the Parties may agree) and shall not be more than seven (7) days from the Unconditional Date or any other date the Parties may agree in writing.

6. Failure to complete

- (i) Without prejudice to any other remedies available to CWSC, if the provisions of Section 5 above are not complied by the Parties, then CWSC shall be entitled at its absolute discretion to:
 - (a) institute an action for specific performance and all relief flowing therefrom; or
 - (b) terminate the Settlement Agreement by written notice and institute an action for damages.
- (ii) In the event of termination, the Settlement Agreement shall cease to be of any effect save for the standard clauses in agreements that survive termination which shall remain in force.
- (iii) For the avoidance of doubt, the provisions above shall apply mutatis mutandis to NBH and/or NBHSC for any breach of the provisions of the Settlement Agreement regarding completion by CWSC.

SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

7. Balance Amount

- (i) The Parties agree that CWSC shall allow the Balance Amount (free of interest) to be settled by NBHSC within the Period in the following manner:
- (a) in the event the Excess Sum occurs and provided that the full purchase price has been received by NBH Realty and Jadi Raya, 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, shall be considered by CWSC as a set off by NBHSC of the Balance Amount; and
 - (b) in the event a Shortfall occurs, NBHSC shall pay the Shortfall to CWSC by cash.
- For the avoidance of doubt, Excess Sum shall mean the difference between the purchase price and the market value of Lot 41346 and Lot 41347 as appraised by CBRE|WTW.
- (ii) The Parties agree that if 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, is equivalent to or exceeds the Balance Amount, the Balance Amount shall be deemed extinguished.
- (iii) The Parties further agree that if 45% of the Excess Sum, representing the portion of the purchase price due to CWSC, exceeds the Balance Amount and a surplus occurs (“**Surplus**”), the Surplus shall belong absolutely to and be retained by CWSC.

8. Commission

In the event Lot 41346 and Lot 41347 are sold within the Period at a price above the market value of Lot 41346 and Lot 41347 as appraised by CBRE|WTW through:

- (i) a broker introduced by CWSC, then, in addition to the commission payable by NBH Realty and Jadi Raya to the said broker, CWSC shall pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission of 2% of RM27,900,000.00; or
- (ii) a broker introduced by NBH and/or NBHSC in writing, then CWSC shall cause NBH Realty and Jadi Raya to pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission of 3% of the purchase price of Lot 41346 and Lot 41347 and NBH and/or NBHSC shall be solely responsible for all and any commission payable to the said broker,

provided always that the purchaser of Lot 41346 and Lot 41347 has paid the full purchase price to NBH Realty and Jadi Raya.

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SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

9. Joint Venture Offer(s)

If there is non-occurrence of any of the events in Sections 8(i) or (ii) of this Appendix, the Parties agree that during the said Period, CWSC shall consider any proposal brought by third party/parties introduced by NBH, NBHSC and/or a broker introduced by them and confirmed by NBH in writing to NBH Realty and Jadi Raya involving any joint venture of Lot 41346 and Lot 41347 with the said third party/parties and upon the execution of a joint venture agreement on terms to be mutually agreed, then CWSC shall cause NBH Realty and Jadi Raya to pay directly to NBH, NBHSC and/or the nominee appointed by NBH an agreed commission equivalent to 3% of the value of Lot 41346 and Lot 41347 as at the date of the said joint venture agreement as determined by CBRE|WTW or such other reputable valuer appointed by CWSC and NBH and/or NBHSC shall be solely responsible for all and any commission payable to the said broker, provided always that the said commission shall be payable only upon all such condition(s) precedent (if any) in the said joint venture agreement has/have become unconditional.

10. NHJ and Novamas Suit

CWSC warrants to TSS, NBH and/or NBHSC that upon the Completion Date, CWSC shall withdraw the NHJ Suit and the Novamas Suit, regardless of what stage each of said suits is at, with no order as to costs and without liberty to file afresh provided always that it shall be TSS's, NBH's and NBHSC's obligations and at their own cost and expense to ensure that the defendants in NHJ Suit and Novamas Suit shall consent to the said withdrawal without liberty to file any action against CWSC by reason of any matters arising from or within the NHJ Suit and Novamas Suit.

11. Termination

CWSC may by written notice given to the Parties at Completion Date or any time prior to Completion Date terminate the Settlement Agreement if any fact, matter or event (whether existing or occurring on or before the date of the Settlement Agreement or arising or occurring afterwards) comes to the notice of CWSC at Completion Date or any time prior to Completion Date which:

- (i) constitutes a breach by the Parties of the Settlement Agreement which are not remedied within ten (10) business days' notice has been given to the Parties; or
- (ii) would constitute a breach of any of TSS's and NBH's warranties which are not remedied after ten (10) business days' notice has been given to the Parties.

If, notwithstanding the occurrence of any fact, matter or event which would otherwise give rise to a right to terminate the Settlement Agreement, CWSC proceeds to completion, the fact that CWSC has proceeded to completion shall not constitute a waiver of any right or entitlement of CWSC to make any claim under the Settlement Agreement.

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SALIENT TERMS OF THE SETTLEMENT AGREEMENT (CONT'D)

12. Monetary limits

- (i) The aggregate amount of the liability of NBH in respect of the aggregate of all claims in relation to the warranties given by NBH and TSS shall not exceed the Amount Owing, less the Balance Amount, provided always that:
 - (a) the transfer and registration of 45% NBH Realty and 45% Jadi Raya; and/or
 - (b) the assignment of TSS Advancesto and/or in favour of CWSC is or are not challenged and/or set aside by any party or parties.
- (ii) NBH shall have no liability in respect of any claim unless the aggregate amount of such claim exceeds RM10,000 in which case NBH shall be liable for the full amount of the claims not just the excess.
- (iii) For avoidance of doubt, NBH shall only be liable if such claim in this section is from party/parties to the Settlement Agreement.

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INFORMATION ON NBH REALTY

1. DIRECTORS

As at the LPD, the directors of NBH Realty and their respective shareholdings in NBH Realty are as follows:

Name	Nationality	Designation	Direct		Indirect	
			No. of shares	%	No. of shares	%
TSS	Malaysian	Director	44,999	45.00	⁽ⁱ⁾ 1	*
Tsai Chia Ling	Taiwanese	Director	-	-	⁽ⁱⁱ⁾ 45,000	45.00
Tsai Chang Hsiu-Hsiang	Taiwanese	Director	-	-	⁽ⁱⁱ⁾ 45,000	45.00
Chan Moi Moi @ Anna Tjandra	Malaysian	Director	-	-	-	-

Notes:

- * *Negligible.*
- (i) *Deemed interested by virtue of the shareholdings held by her spouse pursuant to Section 8 of the Act.*
- (ii) *Deemed interested by virtue her shareholdings held in Amal Pintas pursuant to Section 8 of the Act.*

2. SHAREHOLDERS

As at the LPD, the shareholders of NBH Realty and their respective shareholdings in NBH Realty are as follows:

	Nationality/ Place of incorporation	Direct		Indirect	
		No. of shares	%	No. of shares	%
Amal Pintas	Malaysia	45,000	45.00	-	-
TSS	Malaysian	44,999	45.00	⁽ⁱ⁾ 1	*
Sunergy	Malaysia	10,000	10.00	-	-
NBH	Malaysian	1	*	⁽ⁱ⁾ 44,999	45.00
Tsai Chia Ling	Taiwanese	-	-	⁽ⁱⁱ⁾ 45,000	45.00
Tsai Chang Hsiu-Hsiang	Taiwanese	-	-	⁽ⁱⁱ⁾ 45,000	45.00

Notes:

- * *Negligible.*
- (i) *Deemed interested by virtue of the shareholdings held by her/his spouse pursuant to Section 8 of the Act.*
- (ii) *Deemed interested by virtue her shareholdings held in Amal Pintas pursuant to Section 8 of the Act.*

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

NBH Realty does not have any subsidiary and associated company.

INFORMATION ON NBH REALTY (CONT'D)

4. SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information of NBH Realty based on its audited financial statements for the FYEs 31 December 2018 to 2020 is as follows:

	Audited FYE 31 December		
	2018 (Restated) RM	2019 RM	2020 RM
Revenue	-	-	-
LBT	(70,618)	(74,534)	(74,484)
LAT	(70,618)	(74,534)	(74,484)
Issued share capital	100,000	100,000	100,000
No. of shares in issue	100,000	100,000	100,000
NL ⁽ⁱ⁾	(29,941)	(104,475)	(178,959)
Borrowings	4,727,548	970,266	-
Loss per share ("LPS") (RM)	(0.71)	(0.75)	(0.74)
NL per share (RM)	(0.30)	(1.04)	(1.79)
Current ratio (times)	*	*	*
Gearing ratio (times)	#	#	-

Notes:

* *Negligible.*

Not applicable as NBH Realty is in NL position.

(i) *Including amounts due to a director and shareholders of approximately RM35.94 million, RM39.80 million and RM40.81 million for FYE 31 December 2018, 31 December 2019 and 31 December 2020 respectively.*

There was no accounting policy adopted that is peculiar to NBH Realty's business or the industry it is involved. There was no audit qualification in the audited financial statements of NBH Realty for the FYEs 31 December 2018 to 31 December 2020.

5. MATERIAL CONTRACTS

As at the LPD, NBH Realty has not entered into any material contract (not being a contract entered into in the ordinary course of business of NBH Realty) within two (2) years immediately preceding the date of this Circular.

6. MATERIAL LITIGATION

As at the LPD, NBH Realty is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of NBH Realty ("**NBH Realty Board**") is not aware of any proceedings pending or threatened by or against NBH Realty or of any facts likely to give rise to any proceedings, which might materially or adversely affect the business or financial position of the NBH Realty.

INFORMATION ON NBH REALTY (CONT'D)

7. MATERIAL COMMITMENTS

As at the LPD, the NBH Realty Board is not aware of any other material commitments incurred or known to be incurred by against NBH Realty, which upon becoming enforceable may have a material effect on the business or financial position of NBH Realty.

8. CONTINGENT LIABILITIES

As at the LPD, the NBH Realty Board is not aware of any contingent liabilities incurred or known to be incurred by NBH Realty, which upon becoming enforceable may have a material effect on the business or financial position of NBH Realty.

9. TYPES OF ASSETS OWNED BY NBH REALTY

As at the LPD, NBH Realty holds Lot 41346. Further details of Lot 41346 are set out in Section 2.4, Part A of this Circular.

10. LATEST AUDITED FINANCIAL STATEMENTS

The audited financial statements of NBH Realty for FYE 31 December 2020 are set out in the ensuing pages.

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