

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in Chin Well Holdings Berhad you should at once hand this Circular together with the accompanying Proxy Form to the purchaser, transferee or the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad has not perused this Circular prior to its issuance as it is an Exempt Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

The Notice convening the 26<sup>th</sup> Annual General Meeting ("**AGM**") of Chin Well Holdings Berhad which will be held at the Conference Room of Chin Well Holdings Berhad at No. 1586, MK. 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang on Tuesday, 29 November 2022 at 11.00 a.m. together with the Proxy Form and the Letter to Shareholders 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 26<sup>th</sup> AGM is entitled to appoint a proxy or proxies to attend and to vote on his/her behalf. If you decide to appoint a proxy to attend and vote on your behalf at the 26<sup>th</sup> AGM, 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 will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

|  |         |                  |            |
|--|---------|------------------|------------|
| Last day and time for lodging Proxy Form:  | Sunday  | 27 November 2022 | 11.00 a.m. |
| Date and time of the 26 <sup>th</sup> AGM: | Tuesday | 29 November 2022 | 11.00 a.m. |

This Circular is dated 31 October 2022

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## DEFINITIONS

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Unless the context otherwise requires, the following definitions shall apply throughout this Circular:-

|                           |   |  |
|---------------------------|---|--|
| Act                       | : | The Companies Act, 2016, as amended from time to time, and any re-enactment thereof  |
| AGM                       | : | Annual General Meeting   |
| Board                     | : | Board of Directors of CWHB   |
| Bursa Securities          | : | Bursa Malaysia Securities Berhad   |
| Chin Herr or CHI          | : | Chin Herr Industries (M) Sdn. Bhd.   |
| Circular                  | : | This circular to the shareholders of CWHB dated 31 October 2022  |
| CMSA                      | : | The Capital Markets and Services Act 2007 as amended from time to time   |
| CW Fasteners or CWF       | : | Chin Well Fasteners Co. Sdn. Bhd.  |
| CWHB or the Company       | : | Chin Well Holdings Berhad  |
| CWHB Group or the Group   | : | CWHB and its subsidiaries, collectively  |
| CW Service Centre or CWSC | : | Chin Well Service Centre Sdn. Bhd.   |
| CW Vietnam                | : | Chin Well Fasteners (Vietnam) Co. Ltd.   |
| Director                  | : | As defined in Section 2(1) of the CMSA and for the purpose of the Proposed Renewal of Shareholders' Mandate, this includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of CWHB or any other company which is a subsidiary of CWHB or a holding company of CWHB or a Chief Executive of CWHB, its subsidiary or holding company |
| JYMI                      | : | Jiuh Yang Metal Industry Sdn. Bhd.   |
| JHE                       | : | Jinn Her Enterprise Co., Ltd.  |
| LPD                       | : | 30 September 2022, being the latest practicable date prior to the printing of this Circular  |
| Main LR                   | : | The Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time  |
| Major Shareholder         | : | A person who has an interest or interests in one or more voting shares in CWHB and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is :<br><br>(i) equal to or more than 10% of the total number of all the voting shares in CWHB; or<br><br>(ii) equal to or more than 5% of the aggregate of the total number of  |

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## DEFINITIONS

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all the voting shares in CWHB where such person is the largest shareholder of CWHB.

For the purpose of this definition. "interest in shares" has the meaning given in Section 8 of the Act

For the purpose of the Proposed Renewal of Shareholders' Mandate this includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of CWHB as defined above or any other company which is a subsidiary of CWHB or a holding company of CWHB.

|   |   |  |
|---|---|--|
| Proposed Renewal of Shareholders' Mandate       | : | Proposed Renewal of Shareholders' Mandate for CWHB Group to enter into Recurrent Related Party Transactions  |
| Recurrent Related Party Transaction(s) or RRPTs | : | Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group and are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders. |
| Related Party(ies)                              | : | A director, major shareholder or person(s) connected with such director or major shareholder of CWHB Group   |
| RM and sen                                      | : | Ringgit Malaysia and sen respectively  |
| TCH   | : | Tsai Cheng Hsun  |
| TCHH  | : | Tsai Chang Hsiu-Hsiang   |
| TCJ   | : | Tsai Chian Jau   |
| TCL   | : | Tsai Chia Ling   |
| TCW   | : | Tsai Chia Wen  |
| THH   | : | Tsai Chen Hsi-Hui  |
| THT   | : | Tsai Hsiung Tien   |
| TJT   | : | Tsai Jung Tai  |
| TYC   | : | Tsai Yung Chuan  |
| TYY   | : | Tsai Yung Yu   |

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

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

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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

31 October 2022

**Board of Directors**

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

**To: Shareholders of Chin Well Holdings Berhad**

Dear Sir / Madam,

**CHIN WELL HOLDINGS BERHAD**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE**

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**1. INTRODUCTION**

At the 25<sup>th</sup> AGM held on 28 January 2022, the Company had obtained the shareholders' mandate to enter into Recurrent Related Party Transactions. The AGM Mandate shall lapse at the conclusion of the forthcoming 26<sup>th</sup> AGM which will be held on 29 November 2022, unless by the authority is renewed.

On 30 September 2022, the Board announced to Bursa Securities of its intention to seek shareholders' approval on the renewal of the shareholders' mandate at the forthcoming 26<sup>th</sup> AGM of the Company to allow the Group, in the normal course of business, to enter into Recurrent Related Party Transactions provided that such transactions are made at arm's length, on the Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Details of the Proposed Renewal of Shareholders' Mandate are set out in the ensuing sections of this Circular.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 26<sup>th</sup> AGM. The extract of the ordinary resolution is set out in "Appendix II" enclosed together with this Circular.

The Notice of the 26<sup>th</sup> AGM and the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 30 June 2022.

**SHAREHOLDERS OF CWHB ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**

**2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

**2.1 Main LR**

Pursuant to Paragraph 10.09(2) of the Main LR, the Company may seek a shareholders' mandate in respect of RRPTs subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
  - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%;

whichever is the higher;

- (c) the issuance of circular to shareholders for the shareholders' mandate shall include information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) immediately announce to Bursa Securities when the actual value of the transactions entered into exceeds the estimated value of the transactions disclosed in the circular by 10% or more and to include the information as may be prescribed by the Bursa Securities in its announcement.

Accordingly, the Board proposes to seek the shareholders' approval for Proposed Renewal of Shareholders' Mandate for the CWHB Group to enter into Recurrent Related Party Transactions.

## 2.2 Validity Period of the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate, if approved by the shareholders at the forthcoming 26<sup>th</sup> AGM, will take effect from the passing of the ordinary resolution proposed at the forthcoming 26<sup>th</sup> AGM and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming 26<sup>th</sup> AGM at which the Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at such AGM, the authority is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier.

Thereafter, the approval from shareholders will be sought for the renewal of shareholders' mandate for the Recurrent Related Party Transactions, as applicable, at each subsequent AGM of the Company or at a general meeting to be convened.

## 2.3 Principal activities of CWHB Group

CWHB is principally an investment holding company. The principal activities of its subsidiaries are as follows:-

| No. | Name of Subsidiary | Principal Activities / Status  | Effective Equity Interest (%) |
|-----|--------------------|--|-------------------------------|
| 1.  | CW Fasteners       | Manufacturing of various carbon steel fastener products which include screws, nuts, bolts, threaded bar, pins, rivets, drawn wire for fasteners and other customised products.                       | 100                           |
| 2.  | CW Service Centre  | Trading of wire rods, carbon steel fastener products (screws, nuts, bolts, pins, rivets, threaded bar and washer), accessories and other related products and the provision of after sales services. | 100                           |
| 3.  | Chin Herr          | Manufacturing of galvanised wire, annealing wire, bright wire, hard drawn wire, Polyvinyl Chloride Compound wire, bent round bar and British Reinforcement Concrete wire mesh.                       | 100                           |
| 4.  | CW Vietnam         | Manufacturing of screws, nuts, bolts and other fastening products.   | 100                           |

*The rest of this page is intentionally left blank*

## 2.4 Details of Recurrent Related Party Transactions

The Proposed Renewal of Shareholders' Mandate will apply to the following transactions with the related parties:-

| Transacting Party ^           |                 | Nature of Transactions   | Estimated Aggregate Value Per Annum # (RM) |
|-------------------------------|-----------------|--|--|
| Subsidiaries of CWHB Involved | Related Parties |  |  |
| CW Fasteners                  | JHE             | Purchase of indirect materials (mould, dies, chemicals and consumable material), packing materials, raw materials (wire rod), machinery and parts for the manufacturing of bolts, nuts, screws and threaded items from JHE | 2,000,000                                  |
| CW Service Centre             | JHE             | Purchase of raw material (wire rod) for the manufacturing of bolts, nuts, screws and threaded items, and work-in-progress materials (bolts, nuts, screw and threaded items) from JHE                                       | 500,000                                    |
| Chin Herr                     | JHE             | Purchase of indirect materials (mould and dies) and machinery parts for the manufacturing of galvanised wire from JHE  | 500,000                                    |
| CW Vietnam                    | JHE             | Purchase of indirect materials (mould and dies) and machinery parts for the manufacturing of bolts, nuts, screws and threaded items from JHE   | 6,000,000                                  |
| CW Fasteners                  | JYMI            | Provision of plating or galvanising services to CWF  | 12,000,000                                 |
| Chin Herr                     | JYMI            | Provision of plating or galvanising services to CHI  | 500,000                                    |

# The estimated aggregate values as stated above are for transactions to be entered into from the date of the forthcoming AGM until the conclusion of the next AGM of the Company. Such estimated aggregate values are subject to changes.

^ Class of Related Parties and Nature of Relationships are as follows:

(N1) Family relationships between the directors, major shareholders and persons connected to them are as follows:-

- (a) TYC and TYY are brothers
- (b) TCHH is the spouse of TYC
- (c) THH is the spouse of TYY
- (d) TCL, TCH and TCW are children of TYC and TCHH
- (f) TCJ, THT and TJT are children of TYY and THH

(N2) TYC, TCHH, TCL and TCH are directors of CWHB whilst TYC, TCL, TCH and TCW are major shareholders of CWHB as well as persons connected. TYY, THH, TCJ, THT and TJT are persons connected to directors and major shareholders of CWHB.

(N3) TYC, TCHH, TCL, TCH and TCW collectively referred to as "Interested Persons".

- (N3) JHE is a company incorporated in Republic of China, Taiwan and is principally involved in the manufacturing and trading of fasteners and related products.

The Interested Persons are interested in the transactions by virtue of their family relationships and interests in JHE. The details of shareholdings in JHE as at LPD are as follows:-

|      | Direct Interest |       | Indirect Interest |     |
|------|-----------------|-------|-------------------|-----|
|      | No. of shares   | (%)   | No. of shares     | (%) |
| TYC  | 327,968         | 0.53  | -                 | -   |
| TCHH | 3,480,205       | 5.64  | -                 | -   |
| TCL  | 205,383         | 0.33  | -                 | -   |
| TYY  | 12,906,487      | 20.92 | -                 | -   |
| THH  | 11,093,639      | 17.99 | -                 | -   |
| TCJ  | 5,778,098       | 9.37  | -                 | -   |
| THT  | 8,516,645       | 13.81 | -                 | -   |
| TJT  | 7,096,949       | 11.51 | -                 | -   |

- (N3) JYMI is a company incorporated in Malaysia and is principally involved in galvanising of nut, bolts and metal parts.

The Interested Persons are interested in the transactions by virtue of TYC is a director and shareholder of JYMI. As at LPD, TYC holds 675,002 ordinary shares representing 15% equity interest in JYMI.

## 2.5 Review methods and procedures for Recurrent Related Party Transactions

The Company had established the following methods and procedures to ensure the Related Party Transactions are undertaken on arm's length basis and on the normal commercial terms which are consistent with the Group's usual business practices and policies which are on terms not more favourable to the related parties than those extended to the public or third parties and are not to the detriment of the minority shareholders:

- i) A list of related parties will be circulated within the Group to notify that all Recurrent Related Party Transactions are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.
- ii) Where Recurrent Related Party Transaction is with a value of more than RM1,000,000.00 per transaction, it will be reviewed by two (2) senior managements who have no interests in the transaction and approved by the Board. And whereas, Recurrent Related Party Transaction is with a value of less than RM1,000,000.00 per transaction, it will be reviewed and approved by one (1) senior management who has no interest in the transaction.
- iii) Records will be maintained by the Company on all Recurrent Related Party Transactions which are entered into pursuant to the shareholders' mandate.
- iv) The annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and to review procedures and processes in respect of such transactions are adhered to.
- v) The Audit Committee shall review and monitor the internal audit reports to ascertain that the guidelines and procedures established for Recurrent Related Party Transactions have been complied with and the said review shall be done quarterly together with the review of the Company's quarterly financial results.

- vi) The Board and the Audit Committee shall have authority to review procedures as and when required and to sub-delegate to individuals or committees within the Company as they deem appropriate. If a Board or Audit Committee member has an interest in the transaction as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.
- vii) At least 2 other contemporaneous transactions with 3<sup>rd</sup> parties for similar products and/or quantities will be used as comparison, wherever possible for determining the price and terms offered by/to the related parties are fair and reasonable as compared with those offered by 3<sup>rd</sup> parties. It is the Company's policy to buy/sell from related parties when the prices and terms are competitive. Other factors taken into considerations for evaluation purposes will be reliability of supply, delivery, quality materials or goods and services.
- viii) The cost plus method will be used to determine the transaction price. This method determines the arm's length price by adding an appropriate mark-up to the cost of production. In the event that quotation or comparative pricing from unrelated parties cannot be obtained, the transaction price will be determined based on those offered to/by 3<sup>rd</sup> parties for the same or similar products or transactions to ensure that the Recurrent Related Party Transactions are not detrimental to the Company.

## **2.6 Rationale of the Proposed Renewal of Shareholders' Mandate**

The Recurrent Related Party Transactions to be entered into by the CWHB Group are in the ordinary course of business and intended to meet the business needs and opportunities of the Group at the best possible terms and costs through bulk purchases arrangement so as to enhance CWHB's position in the bolts and fasteners industry for providing total solutions to its customers. The Group and Related Parties have a good understanding of each other businesses thus providing a platform where all parties can benefit from conducting the Recurrent Related Party Transactions. As such, it is anticipated that the Recurrent Related Party Transactions would occur on a frequent and recurrent basis.

The Proposed Renewal of Shareholders' Mandate would eliminate the need to announce and convene separate general meetings from time to time to seek shareholders' approval as and when potential recurrent transactions which involves the interests of, or with a Related Parties arise, thereby reducing substantially the administrative time and expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the CWHB Group.

## **2.7 Statement by Audit Committee**

The Audit Committee of the Company has reviewed the procedures set out in Section 2.5 above and is satisfied that the said procedures are sufficient to ensure that the RRPTs will be undertaken:

- on arm's length basis;
- under normal commercial terms consistent with the Group's business practices and policies;
- on terms not more favourable to the Related Parties than those generally available to the public; and
- not to the detriment of the minority shareholders of the Company.

The Audit Committee is of the view that the Group has put in place adequate procedures and processes to identify, track and monitor RRPTs in a timely and orderly manner, and will, at its discretion, amend the guidelines and procedures which are no longer appropriate or adequate, to ensure that the RRPTs are, at all times, carried out on terms consistent within the Group's practices and not detrimental to the minority shareholders. These procedures and processes will be reviewed on a yearly basis to be in line with the corporate objectives of the Group.

The Audit Committee of the Company, after having considered all the relevant aspects of the Proposed Renewal of Shareholders' Mandate, including the rationale and effects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of CWHB Group.

### 3. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the other directors and/or major shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate as at LPD.

The interested directors and their shareholdings in CWHB as at LPD are as follows:

| Interested Directors | Direct Interest |      | Indirect Interest |       |
|----------------------|-----------------|------|-------------------|-------|
|                      | No. of shares   | (%)  | No. of shares     | (%)   |
| TYC                  | -               | -    | 163,522,346*      | 57.09 |
| TCL                  | 838,400         | 0.29 | 163,522,346*      | 57.09 |
| TCH                  | -               | -    | 163,522,346*      | 57.09 |
| TCHH                 | -               | -    | -                 | -     |

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

The interested directors have abstained and/or will continue to abstain from Board's deliberations and voting on the relevant resolution at all Board meetings. Accordingly, they will also abstain from voting on the ordinary resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The interested major shareholders and their shareholdings in CWHB as at LPD are as follows:

| Interested Major Shareholders | Direct Interest |       | Indirect Interest |       |
|-------------------------------|-----------------|-------|-------------------|-------|
|                               | No. of shares   | (%)   | No. of shares     | (%)   |
| Benua Handal Sdn Bhd          | 163,522,346     | 57.09 | -                 | -     |
| TYC                           | -               | -     | 163,522,346*      | 57.09 |
| TCL                           | 838,400         | 0.29  | 163,522,346*      | 57.09 |
| TCH                           | -               | -     | 163,522,346*      | 57.09 |
| TCW                           | -               | -     | 163,522,346*      | 57.09 |

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

The interested major shareholders will abstain from voting in respect of their direct and/or indirect shareholdings on the ordinary resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The interested directors and/or interested major shareholders have undertaken that they will ensure that the persons connected with them will abstain from voting on the ordinary resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

### 4. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate will not have any material effect on the issued and paid-up share capital, earnings, net assets, gearing and substantial shareholders' shareholdings of the CWHB Group.

### 5. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate is subject to and conditional upon the approval of the shareholders of the Company at the forthcoming AGM.

## **6. DIRECTORS' RECOMMENDATION**

The Board (save for the interested directors) after having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Company.

Accordingly, the Board (save for the interested director) recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 26<sup>th</sup> AGM.

## **7. AMOUNT DUE AND OWING BY RELATED PARTIES**

As at the LPD, there are no outstanding amounts due and owing to the Group by the Related Parties.

## **8. 26<sup>th</sup> AGM**

The 26<sup>th</sup> AGM of the Company will be held at the Conference Room of Chin Well Holdings Berhad at No. 1586, MK. 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang on Tuesday, 29 November 2022 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the 26<sup>th</sup> AGM 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 later than 48 hours before the time for holding the AGM or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll.

The lodging of the Proxy Form will not preclude you from attending and voting in person at the 26<sup>th</sup> AGM should you subsequently wish to do so.

## **9. FURTHER INFORMATION**

Shareholders are advised to refer to the 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

**GENERAL INFORMATION**

**1. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**2. MATERIAL CONTRACTS**

Save as disclosed below, as at the LPD, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the date of this Circular:

CWSC, a wholly-owned subsidiary of CWHB had, on 25 October 2021, entered into a conditional settlement agreement ("Settlement") with NBH Service Centre Sdn Bhd, Ng Beng Hoo and Toh Su See in relation to the settlement of RM47,683,244.80 due from NBH Service Centre Sdn Bhd to CWSC as detailed below:

- (i) Transfer amount amounting to RM27,681,274.59 will be settled by way of the following:
  - (a) 45% of the adjusted net assets ("NA") of NBH Realty Sdn Bhd as at 31 December 2020 amounting to RM1,686,979.17;
  - (b) 45% of the adjusted NA of Jadi Raya Development Sdn Bhd as at 31 December 2020 amounting to RM98,514.90; and
  - (c) the Toh Su See advances amounting to RM25,895,780.52 as at the date of the Settlement Agreement;
- (ii) Balance amount amounting to RM20,001,970.21 represents the Amount Owing after deducting the transfer amount and will be settled over a period of five (5) years.

The Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad as certain directors and/or major shareholders of the Company are deemed interested in the Settlement. The Settlement was approved by the shareholders in the EGM held on 28 January 2022 and it has been completed on 7 February 2022.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

Save as disclosed below, as at the LPD, neither CWHB nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the CWHB Group and the Board of CWHB is not aware and does not have any knowledge of any proceedings pending or threatened against the CWHB Group, or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the CWHB Group:-

- 3.1 On 10 December 2020, CWSC, a wholly-owned subsidiary of the Company had filed a Writ of Summon and a Statement of Claim dated 10 December 2020 in the High Court of Malaya at Kuala Lumpur against Lifomax Woodbuild Sdn Bhd and Novamas Enterprise Sdn Bhd (collectively, "the Defendants") through a firm of lawyers acting on its behalf ("the Lifomax/Novamas Claim").

The Lifomax/Novamas Claim sets out that CWSC placed orders of various steel products with the Defendants on diverse dates in 2019 and 2020 for the Defendants to deliver the products to a customer of CWSC namely NBH Service Centre Sdn Bhd (NBHSC). On

iii. Such further and other relief and order the Honourable Court deems fit.

Both Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to both Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting.

On 1 December 2021, the 1st Defendant i.e. Lifomax Woodbuild Sdn Bhd was wound by the Shah Alam High Court on a petition presented by Azimat Berkat Sdn Bhd based on a Court judgment. Accordingly, the 1st Defendant's application to strike out the Claim has been adjourned pending the instructions of the Official Receiver whilst the Claim is stayed pending leave of the winding up Court.

In addition to the above, both the Defendants' application to strike out the Claim is fixed for case management on 28 March 2022 pending the approval by the shareholders of Chin Well Holdings Berhad of the settlement agreement (as disclosed in Section 2 above) entered into inter-alia between CWSC and NBHSC.

Given that the shareholders of Chin Well Holdings Berhad have approved the said settlement agreement:-

- (i) On 28 February 2022, CWSC discontinued the Novamas Claim with no order as to costs; and
- (ii) On 21 March 2022, CWSC withdrew the Lifomax Claim with no order as to costs.

3.2 On 8 December 2020, CWSC filed a Writ of Summon and a Statement of Claim dated 8 December 2020 in the High Court of Malaya at Kuala Lumpur against NHJ Marketing Sdn Bhd. (NHJ), Ng Han John and Ng Han Jim (collectively, "the Defendants") through a firm of lawyers acting on its behalf.

Ng Han John and Ng Han Jim are the directors of NHJ ("the NHJ Claim").

The NHJ Claim sets out that CWSC had placed orders of various steel products with the NHJ on diverse dates in 2019 and 2020 for NHJ to deliver the product to a customer of CWSC, namely NBHSC. On NHJ producing invoices accompanied by delivery orders affording evidence of the delivery of the products to NBHSC, CWSC induced to pay NHJ the aggregate sum of RM19,800,000 for the products.

The payment to the Defendants was made in discharge of CWSC's obligations as a buyer and it was only upon NBHSC denying receipt of the products purportedly because of the non-delivery of the products that the filing of this action has become necessary.

CWSC is claiming the sum of:

- i) RM19,800,000 against the NHJ;
- ii) A Declaration that the Ng Han John and Ng Han Jim are liable personally in the sum of RM19,800,000.00 to CWSC;
- iii) Judgment for the sum of RM19,800,000.00 against Ng Han John and Ng Han Jim;
- iv) Costs of this action to be paid by the Defendants to CWSC on client-solicitor basis; and
- v) Such further and other relief and order the Honorable Court deems fit.

The Defendants have filed their respective Defences to the claim and CWSC has filed its Reply to the respective Defences.

The Defendants have also filed applications to strike out the Claim which CWSC is strenuously objecting. The said application to strike out is fixed for case management on 28 March 2022 pending the approval by the shareholders of Chin Well Holdings

Berhad of the settlement agreement (as disclosed in Section 2 above) entered into inter-alia between CWSC and NBHSC.

Given that the shareholders of Chin Well Holdings Berhad have approved the said settlement agreement, on 28 February 2022 CWSC discontinued the NHJ Claim with no order as to costs and without liberty to file a fresh.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the registered office of the Company at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming 26<sup>th</sup> AGM:-

- i) The Constitution of CWHB;
- ii) The audited consolidated financial statements of CWHB for the past 2 financial years ended 30 June 2021 and 30 June 2022;
- iii) The latest unaudited consolidated financial statements of CWHB for the 3 months ended 30 September 2022;
- iv) The Settlement Agreement referred to in Section 2 of this Appendix I; and
- v) The relevant cause papers in respect of the material litigations referred to in Section 3 of this Appendix I.



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

**EXTRACT OF ORDINARY RESOLUTION 10 TO BE TABLED AS SPECIAL BUSINESS  
AT THE FORTHCOMING 26<sup>th</sup> AGM**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT, subject always to the provisions of the Companies Act, 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and/or any other regulatory authorities, the authority be and is hereby given for the Company's subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("**Proposed Renewal of Shareholders' Mandate**") as set out in Section 2.4 of the Circular to Shareholders dated 31 October 2022 in relation to the Proposed Renewal of Shareholders' Mandate provided that such transactions are in the ordinary course of business which are necessary for the day-to-day operations on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders and that such authority shall continue to be in force until :

- (a) the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse unless by an ordinary resolution passed at the AGM, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier:

AND THAT, the Directors of the Company and the subsidiary companies be and are hereby authorised to complete and do all such acts including executing any documents as may be required to give full effect to such transactions as authorised by this resolution."