



**Chin Well**  
HOLDINGS BERHAD  
199501042347 (371551-T)

# ENVISIONING TOMORROW

**2023**

Annual Report



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## 27<sup>TH</sup> ANNUAL GENERAL MEETING



**29 November 2023 (Wednesday)**



**Conference Room of Chin Well Holdings Berhad at No. 1586, MK. 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang**



**11.00 am**

## Corporate Information

### 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)

**Ang Seng Oo**

(Independent Non-Executive Director)

**Low Yeaw Seng**

(Independent Non-Executive Director)

**Datin Sharmin Fazlina Binti Mohd Shukor**

(Independent Non-Executive Director)

**SECRETARIES**

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

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

**AUDIT COMMITTEE**

Ang Seng Oo (Chairman)  
Independent Non-Executive Director

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

Low Yeaw Seng (Member)  
Independent Non-Executive Director

**REGISTERED OFFICE**

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

Tel : 04-210 8833  
Fax : 04-210 8831  
Email : corporatenet21@gmail.com

**BUSINESS ADDRESS**

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

**SHARE REGISTRAR**

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

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

**AUDITORS**

Grant Thornton Malaysia PLT  
(201906003682 & AF : 0737)  
Chartered Accountants

**PRINCIPAL BANKERS**

AHAM Asset Management Berhad  
(formerly known as Affin Hwang  
Asset Management Berhad)  
CTBC Bank Co., Ltd (Ho Chi Minh  
City Branch)  
Hong Leong Asset Management  
Bhd.  
Hong Leong Bank Berhad  
Joint Stock Commercial Bank for  
Foreign Trade of Vietnam  
Malayan Banking Berhad  
OCBC Al-Amin Bank Berhad  
Saigon Thuong Tin Commercial Joint  
Stock Bank  
Standard Chartered Bank Malaysia  
Berhad  
United Overseas Bank (Malaysia)  
Bhd.  
Vietnam Joint Stock Commercial  
Bank for Industry and Trade  
Vietnam Technological and  
Commercial Joint Stock Bank

**SOLICITOR**

Ghazi & Lim

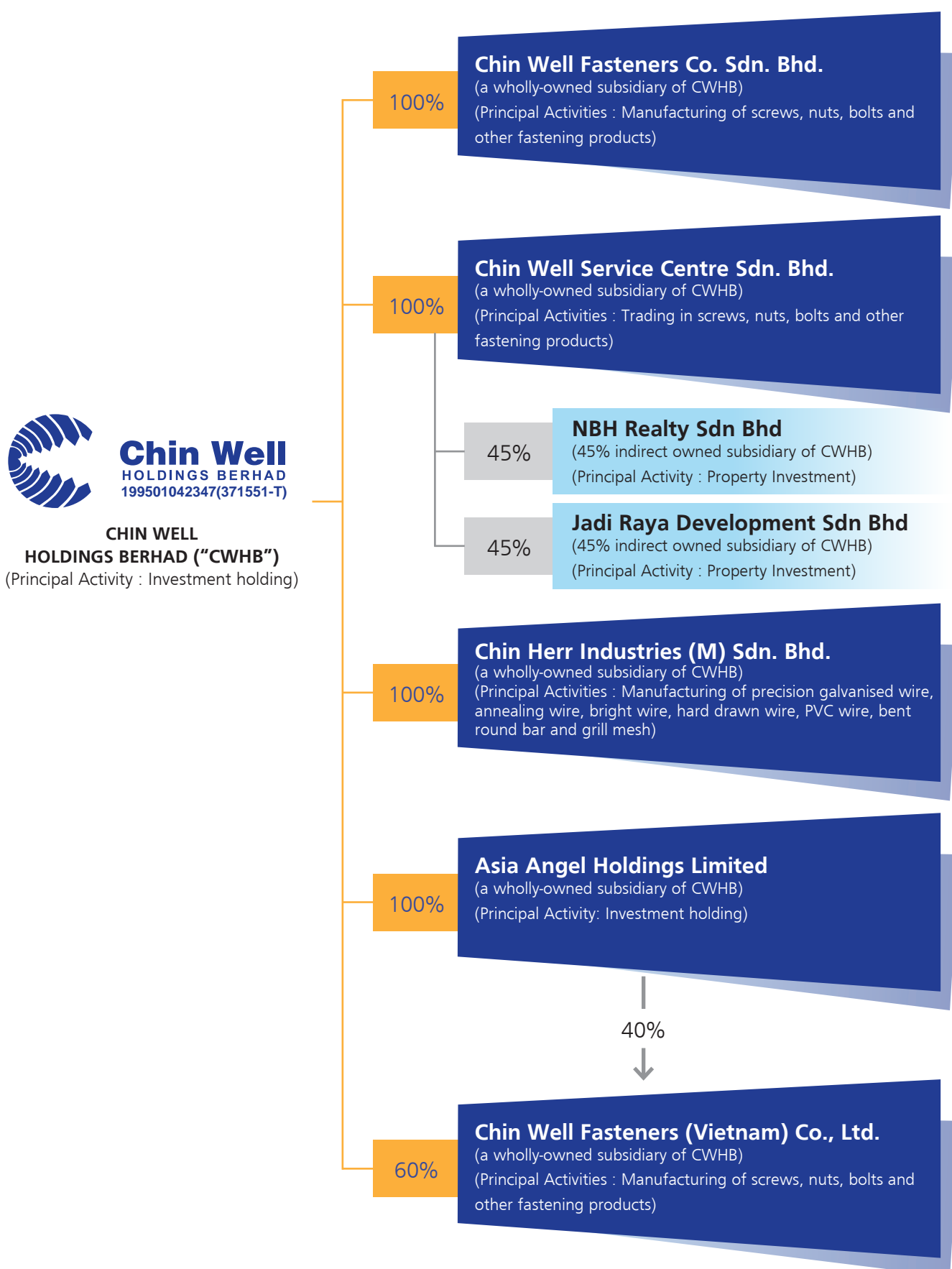
**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : CHINWEL  
Stock Code : 5007



# Corporate Structure

As Of 30 June 2023



# Notice Of Annual General Meeting



**Chin Well**  
**HOLDINGS BERHAD**

199501042347 (371551-T)

(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the 27<sup>th</sup> Annual General Meeting (“**AGM**”) of Chin Well Holdings Berhad (“**the Company**”) will be held at the Conference Room of Chin Well Holdings Berhad at No. 1586, Mk. 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang on Wednesday, 29 November 2023 at 11.00 am, for the following purposes:-

## **A G E N D A**

### ***As Ordinary Business :***

- |    |   |                              |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.  | Please refer to Note 8       |
| 2. | To re-elect Mr. Tsai Yung Chuan, a Director who retires by rotation in accordance with Article 111 of the Company’s Constitution and who, being eligible, offers himself for re-election.                 | <b>Ordinary Resolution 1</b> |
| 3. | To re-elect Mr. Ang Seng Oo, a Director who retires by rotation in accordance with Article 111 of the Company’s Constitution and who, being eligible, offers himself for re-election.                     | <b>Ordinary Resolution 2</b> |
| 4. | To approve the payment of Directors’ fees amounting to RM180,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2023.  | <b>Ordinary Resolution 3</b> |
| 5. | To approve the payment of Directors’ fees amounting to RM180,000.00 to the Executive Directors of the Company for the financial year ended 30 June 2023.  | <b>Ordinary Resolution 4</b> |
| 6. | To approve the payment of Directors’ Benefits up to an amount not exceeding RM80,000.00 payable to the Directors of the Company for the financial year ending 30 June 2024.                               | <b>Ordinary Resolution 5</b> |
| 7. | To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | <b>Ordinary Resolution 6</b> |

## Notice Of Annual General Meeting (cont'd)

### ***As Special Business :***

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

8. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 7**
- "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.
- THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Article 62 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.
- AND THAT the Directors of the Company be also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.
- AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."
9. **PROPOSED CONTINUATION OF DATIN SHARMIN FAZLINA BINTI MOHD SHUKOR IN OFFICE AS INDEPENDENT DIRECTOR** **Ordinary Resolution 8**
- "THAT authority be and is hereby given to Datin Sharmin Fazlina Binti Mohd Shukor who had served as an Independent Director of the Company for a cumulative term of more than 9 years to continue to act as an Independent Director of the Company and to hold office until the conclusion of the next AGM of the Company."
10. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY** **Ordinary Resolution 9**
- "THAT, subject to the Companies Act, 2016 ("the Act"), the Company's Constitution and the Main Market Listing Requirements ("Main LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be hereby authorised to purchase such number of ordinary shares ("CWHB Shares") comprised in the total number of issued shares of the Company as may be determined by the Directors from time to time through Bursa Securities subject further to the following:
- (a) the aggregate number of CWHB Shares which may be purchased or held by the Company shall not exceed 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued shares of the Company does not fall below the minimum share capital requirements of the Main LR of Bursa Securities that the Company continues to maintain a shareholding spread that is in compliance with the Main LR after the share purchase;
  - (b) the maximum funds to be allocated by the Company for the purpose of purchasing the CWHB Shares under the Proposed Share Buy-Back shall not exceed the retained profits of the Company;
  - (c) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until;

## Notice Of Annual General Meeting (cont'd)

### As Special Business : (cont'd)

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

- (i) the conclusion of the next AGM of the Company at which such resolution was passed at the which time the authority would lapse unless by ordinary resolution passed at the next AGM, the authority is renewed, either conditionally or subject to conditions; or
  - (ii) the expiration of the period within the next AGM of the Company after that date is required by law to be held; or
  - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CWHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
- (d) upon completion of the purchase(s) of the CWHB Shares by the Company, the Directors of the Company be and are hereby authorised to retain the CWHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main LR of Bursa Securities and any other relevant authority for the time being in force,

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

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

**Ordinary  
Resolution 10**

"THAT, subject always to the provisions of the Companies Act, 2016 ("the Act"), 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 2023 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 Executive 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."

## Notice Of Annual General Meeting (cont'd)

### ***As Special Business : (cont'd)***

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

By Order of the Board,

**LEE PENG LOON (MACS 01258)**  
**SSM PC NO. 201908002340**  
**P'NG CHIEW KEEM (MAICSA 7026443)**  
**SSM PC NO. 201908002334**  
Company Secretaries

Penang

Date : 31 October 2023

### NOTES ON APPOINTMENT OF PROXY

1. For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.
2. A proxy may but need not be a member of the Company.
3. For a proxy to be valid, the original proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the registered office not less than 24 hours before the time appointed for meeting.
4. A member shall be entitled to appoint of up to a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
6. Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
7. In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.



# Notice Of Annual General Meeting (cont'd)

## NOTES ON ORDINARY BUSINESS

8. **Agenda 1 – Audited Financial Statements**

The Audited Financial Statements for the financial year ended 30 June 2023 will be laid to shareholders at the forthcoming AGM of the Company pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, the Agenda 1 is not put forward for voting.

9. **Agenda 2 and Agenda 3 – Re-election of Directors**

The Nominating Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election and was satisfied therewith. The Board had endorsed the Nominating Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Nominating Committee and Board meetings. The details and profiles of the Directors who are standing for re-election at the forthcoming AGM are provided in the Company's Annual Report 2023.

10. **Agenda 4 and Agenda 5 – Directors' Fees**

The Ordinary Resolutions 3 and 4, if passed, will enable the Company to pay Directors' fees to the Non-Executive and Executive Directors of the Company for the financial year ended 30 June 2023 in accordance with Section 230(1) of the Companies Act 2016.

11. **Agenda 6 – Directors' Benefits**

The Ordinary Resolution 5, if passed, will enable the Company to pay benefits to the Directors of the Company in accordance with Section 230(1) of the Companies Act 2016. The total amount of Directors' benefits payable is estimated based on number of scheduled meetings of the Board and Board Committees as well as the number of Directors involved; and these benefits may comprised of meeting allowances, trainings, accommodations, insurance and other emoluments and benefits-in-kinds.

12. **Agenda 7 – Re-appointment of Auditors**

The Audit Committee and the Board had considered the re-appointment of Messrs. Grant Thornton Malaysia PLT as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs. Grant Thornton Malaysia PLT meets the relevant criteria prescribed in Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## NOTES ON SPECIAL BUSINESS

13. **Agenda 8 – Authority to issue shares pursuant to Companies Act 2016**

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

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

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

## Notice Of Annual General Meeting (cont'd)

14. **Agenda 9 – Proposed continuation as Independent Director**

The Ordinary Resolution 8 is to seek shareholders' approval through a two tier voting process and, if passed, will enable Datin Sharmin Fazlina Binti Mohd Shukor, an Independent Director of the Company who had served for a cumulative term of more than 9 years to be retained and continued to act as an Independent Director of the Company until the conclusion of the next AGM of the Company. The Nominating Committee had assessed the independence of Datin Sharmin Fazlina Binti Mohd Shukor and recommended her to continue in office as she has demonstrated complete independence in character and judgement. The Board having considered the recommendation of the Nominating Committee proposed that Datin Sharmin Fazlina Binti Mohd Shukor be remained as an Independent Director of the Company until the conclusion of the next AGM of the Company.

15. **Agenda 10 – Proposed Share Buy-Back Authority**

The Ordinary Resolution 9, if passed, will enable the Directors of the Company to purchase the Company's shares up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM. Further information on the Proposed Share Buy-Back Renewal is set out in Share Buy-Back Statement dated 31 October 2023, a copy of which can be downloaded from the Company's website ([www.chinwell.com.my](http://www.chinwell.com.my)).

16. **Agenda 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Ordinary Resolution 10, if passed, will enable the Company's subsidiaries to enter into recurrent transactions involving the interests of the related parties which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of minority shareholders of the Company. Further information of the Proposed Renewal of Shareholders' Mandate is set out in the Circular to Shareholders dated 31 October 2023, a copy of which can be downloaded from the Company's website ([www.chinwell.com.my](http://www.chinwell.com.my))

# Statement Accompanying Notice Of Annual General Meeting

(Pursuant To Paragraph 8.27(2) Of Main Market Listing Requirements Of Bursa Securities)

- 1) No individuals are standing for election as Directors at the forthcoming 27<sup>th</sup> Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as Directors as in Agenda 2 and 3 of the Notice of the 27th Annual General Meeting of the Company are set out in the Directors' Profile section of this Annual Report.
- 3) The details of the Directors' interests in the securities of the Company as at 29 September 2023 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Ordinary Resolution 7 tabled under Special Business as per the Notice of 27th Annual General Meeting of the Company dated 31 October 2023 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 29 November 2022.

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

As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

# Management Discussion & Analysis

This Statement contains the management discussion and analysis (“MD&A”) of the business operations and performance (including financial performance) of Chin Well Holdings Berhad (“CWHB”) Group (“Chin Well Group” or “the Group”) for the financial year ended 30 June 2023 (“FY2023”).

This MD&A should be read in conjunction with the Audited Financial Statements of the Group for FY2023 as set out in this Annual Report.

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

## **Company’s Profile**

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

The Group has production facilities in Penang, Malaysia and Dong Nai Province, Vietnam and we manufacture a wide range of fasteners for use in power, infrastructure and furniture sectors. One of the subsidiaries is involved in trading of fastener products. We have established strong distribution networks in domestic and international markets, with our fasteners being sold to Europe (32%), Malaysia (33%), North America (29%), Asian countries (5%), Middle East and others (1%).

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

## **Economy Overview**

The international wire rod demand for year 2023 was rather weak reflecting the effect of inflationary pressures, rising interest rates as well as the ongoing geopolitical tensions. Globally, the economic recovery remained weak amid the prolonged period of low growth attributed by lingering effects of the COVID-19 pandemic, worsening impact of climate change and macroeconomic structural challenges.

On domestic front, the Malaysian economy expanded moderately in the first half of 2023 (1Q 2023: 2.9%; 2Q 2023: 5.6%), weighed mainly by slower external demand as global market sentiments were dampened by concerns over a slower global economic outlook, and weaker-than-expected rebound in China from the re-opening at end of 2022. This was further compounded by concerns over the US debt ceiling crisis alongside with ongoing financial market expectations of continued tightening of monetary policy in advanced economies. Besides lower commodity prices and global semiconductor demand also weighed on domestic markets.

The demand for wire rod in local market has seen no sign of picking up in 2023 while new infrastructure projects have yet to roll out. Apart from major infrastructure projects, the growth for wire rod demand also hinges on healthy private consumption and construction activities and all these are very much dependent on the Unity Government’s economic policies and direction.

Given the challenging global environment, Bank Negara has projected the Malaysian economy to expand close to the lower end of the 4.0% to 5.0% range for the remaining 2023. As for domestic market outlook, growth is expected to continue to be supported by various stimulus measures of the Unity Government to further spur the activities of Malaysia’s economy despite it may take some time to see the effect of it.

## Management Discussion & Analysis (cont'd)

### Vision & Strategy

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

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

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

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

	FY2023	FY2022	FY2021	FY2020	FY2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	456,452	657,838	491,655	534,908	680,729
Profit before interest & tax	52,725	123,080	36,138	9,714	71,847
Finance cost	445	874	3,391	2,414	3,024
Net profit attributable to ordinary shareholders	39,461	95,989	23,393	2,417	57,578
Shareholders' equity	680,368	665,176	580,431	568,762	577,369
Total Assets	760,875	797,460	714,891	678,545	704,204
Borrowings	5,427	37,825	89,357	70,344	89,164
Debts/Equity ratio (%)	0.8%	6%	15%	12%	15%
Earnings per share (sen)	13.78	33.51	8.11	0.82	19.60
Net assets per share (RM)	2.38	2.33	2.01	1.94	1.97
Dividend per share (sen)	5.51	13.40	3.30	1.50	7.85

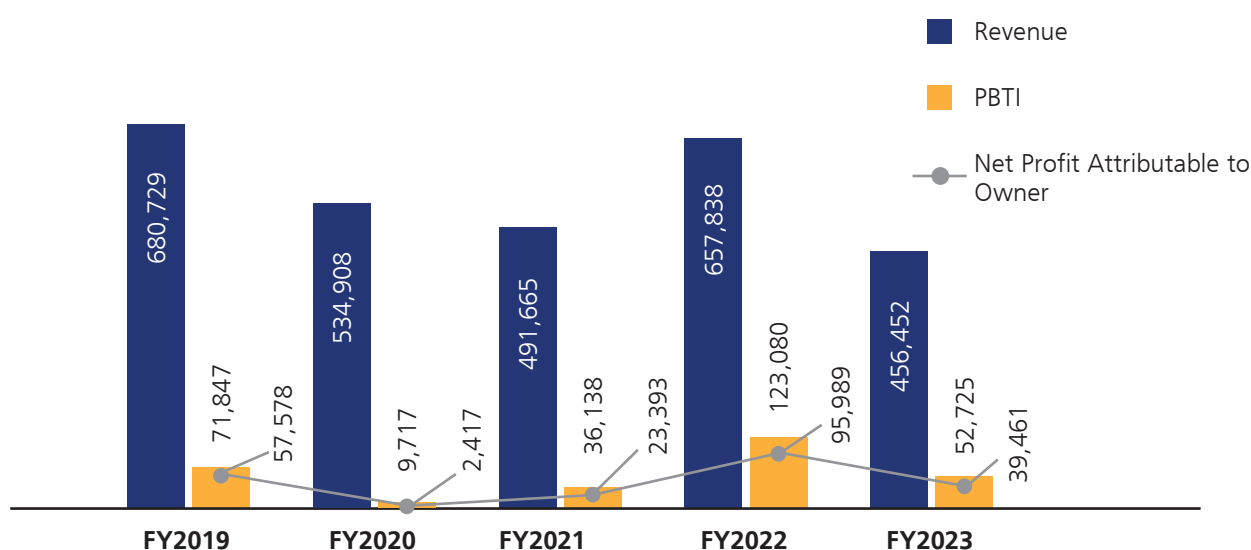


## Management Discussion & Analysis (cont'd)

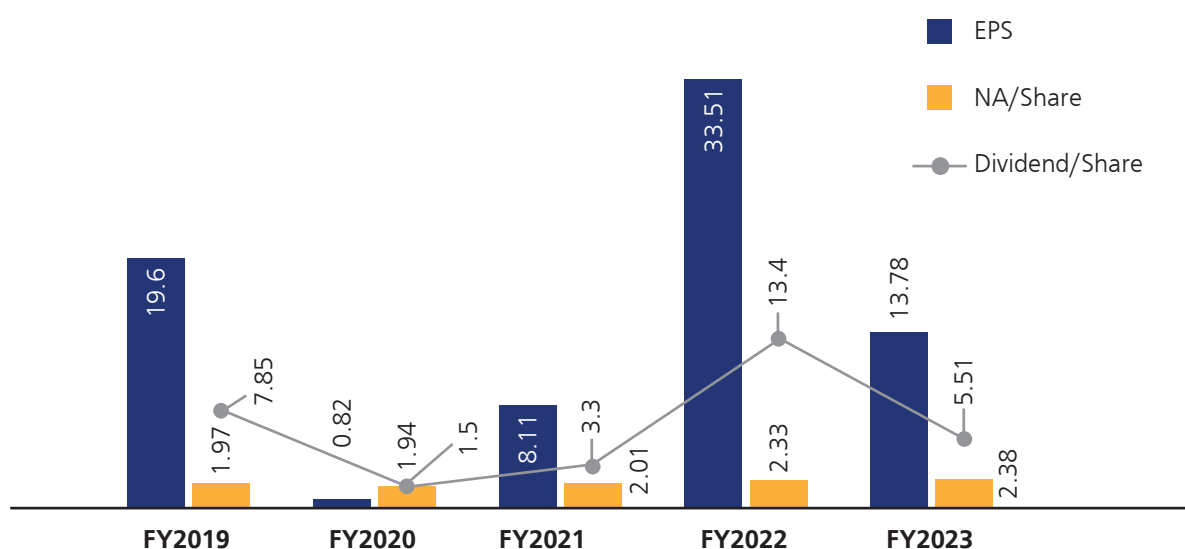
### Share Performance

Share performance	FY2023	FY2022	FY2021	FY2020	FY2019
Year high (RM per share)	1.87	1.98	1.58	1.83	2.00
Year low (RM per share)	1.26	1.16	0.935	0.68	1.49
Year close (RM per share)	1.32	1.70	1.21	1.01	1.80
Trading volume('000)	39,822,100	35,694.30	35,294.10	35,044.90	28,390.35
Market capitalization as of year end 30 June (RM'000)	378,115,806	486,970,726	360,943,844	292,271,546	528,566.16

### Revenue, Profit before Tax & Interest, Net Profit Attributable to the Owner of the Parent (RM'000)



### Earnings Per Share (Sen), Net Assets Per Share (RM) & Dividend Per Share (Sen)



# Management Discussion & Analysis (cont'd)

## Review of Financial Results and Financial Condition

### Indicators to Measure the Group's Performance

The following key indicators were extracted from the Company's Audited Consolidated Statements of Profit or Loss to measure the Group's financial performance for FY2023 as compared with FY2022:

	<b>FY2023 RM'000</b>	<b>FY2022 RM'000</b>	<b>Change %</b>
Revenue	456,452	657,838	↓ 30.6%
Other Income	7,390	5,776	↑ 27.9%
Administrative expenses	23,432	23,855	↓ 1.8%
Selling and distribution expenses	7,040	15,882	↓ 55.6%
Finance cost	445	874	↓ 49.0%
Finance income	5,501	1,733	↑ 317.4%
Profit Before Tax	52,280	122,206	↓ 57.2%

During the current reporting year, the Group achieved a total revenue of RM456.45 million, a decline of 30.6% versus FY2022. The profit before tax of the Group reduced accordingly to RM52.28 million as compared to RM 122.21 million in the corresponding period in the preceding year reflecting the lower revenue generated.

The Fasteners division consists mainly of manufacturing of screw, bolt, nuts, threaded bar and other fastening products had contributed about 75.7% to the Group's total revenue while the remaining revenue was from the Wire division which comprises the manufacturing of precision galvanised wire, annealing wire, bright wire, hard drawn wire, PVC wire and grill mesh.

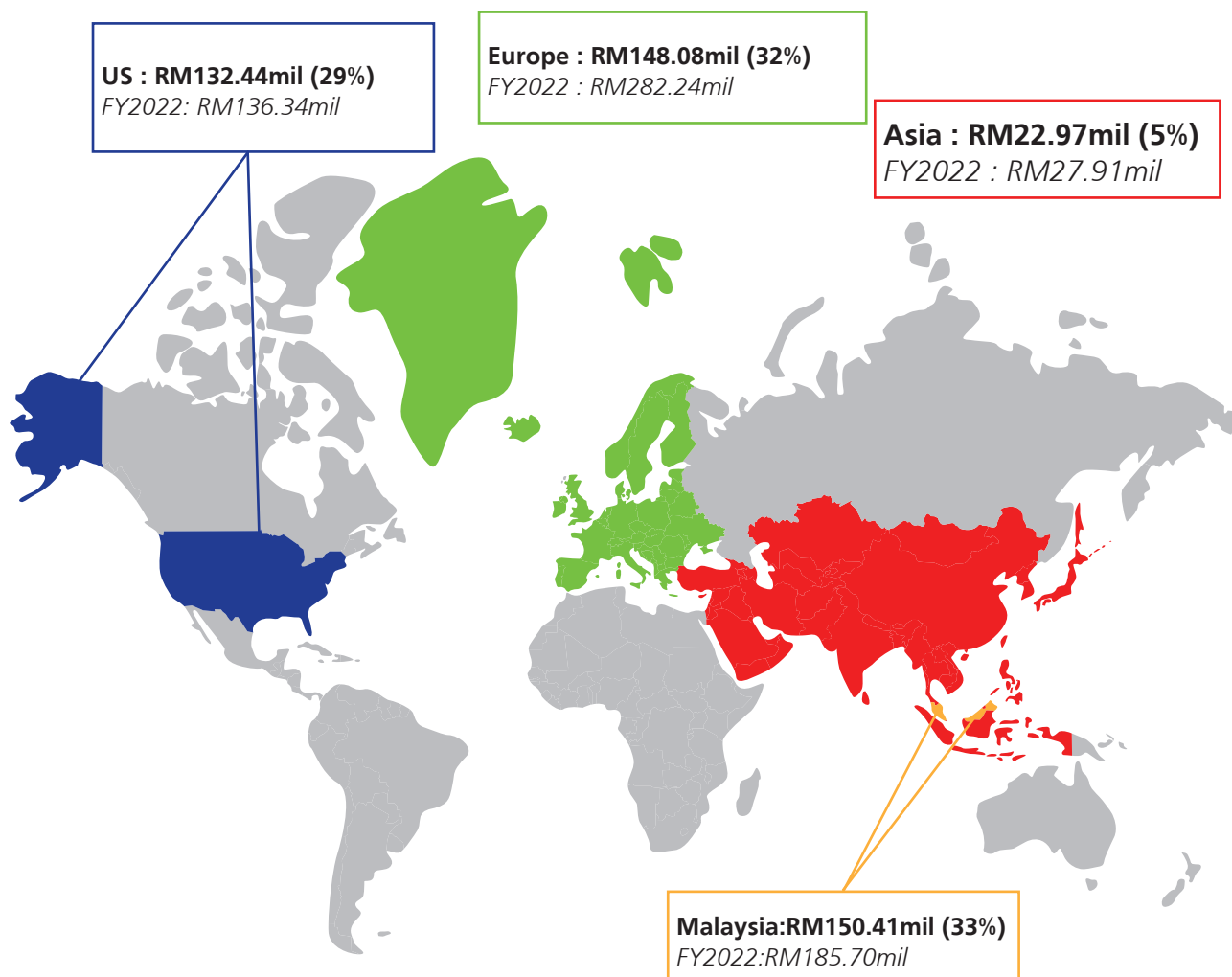
For FY2023, the Group sold approximately 32.9% of its products domestically whilst the remaining 67.1% were export sales. Europe and North America remain the two largest market destination of the Group and they have contributed about 32.4% and 29.0% respectively to the Group's total revenue in FY2023.

The exports to the European market had dropped significantly by RM134.16 million to RM148.08 million in current financial year impacted by the on-going war between Ukraine and Russia especially on energy crisis and other inflationary pressures had led to economic contraction and substantial decline in the demand for fasteners products. Fortunately during FY2023, the Group managed to sustain its export sales to the US market.

## Management Discussion & Analysis (cont'd)

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

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



Other income of the Group for FY2023 increased by 27.9% to RM7.23 million as compared to FY2022 of RM5.78 million mainly due to higher realised and unrealised foreign exchange gain of RM5.37 million. In addition, distribution income and fair value gain from placement of deposits in money market funds had also contributed to higher other income of the Group in the current financial year.

Finance income refers to interest income that the Group earned from the placement of deposit in the banks. It had increased from RM1.73 million in the last financial year to RM5.66 million in the current financial year following the increase of both deposits placed and interest rate during the year.

Selling and distribution expenses for FY2023 dropped by 55.6% versus FY2022 and this was attributed from lower export sales in current financial year coupled by reductions in the international ocean freight cost.

Finance cost for FY2023 of RM0.45 million represented a 49.0% reduction as compared to FY2022 due to substantial repayment of bank borrowings in the current financial year.

The Group recorded a profit before tax of RM52.28 million as compared with RM122.21 million in the corresponding period of preceding year reflecting the lower revenue generated. Approximately 94.28% or RM49.29 million of the Group's profit before tax was from the Fasteners division while the remaining RM2.49 million derived from the Wire division. The investment holding company contributed other income of RM0.50 million to the Group's profit under review. For FY2023, profit margin was eroded due to lower sales volume and drop in global wire rod prices.

## Management Discussion & Analysis (cont'd)

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

The Group maintained a healthy financial position as at 30 June 2023.

Key items of the Financial Position of the Company as at 30 June 2023 and 30 June 2022 which reflect the significant changes in financial position and liquidity as extracted from the Audited Financial Statements are as follows:

	30.06.2023 RM'000	30.06.2022 RM'000	Change %
Trade receivables	49,185	102,201	↓ 51.9%
Other investment	67,154	-	↑ 100%
Bank Borrowings	5,427	37,825	↓ 85.7%
Total Equity Attributable to shareholders	680,368	665,176	↑ 2.3%
Gearing Ratios	0.01	0.06	

#### **Trade receivables**

As at 30 June 2023, trade receivables reduced by RM53.02 million to RM49.19 million which is in line with the lower revenue recorded in FY2023 and better collections from customers.

#### **Other investment**

Other investment as at 30 June 2023 amounting to RM67.15 million represents the deposits placed in money market fund for higher interest earning while maintaining the liquidity of the fund.

#### **Borrowings**

Bank borrowings as at 30 June 2023 amounting to RM5.43 million comprised solely of trade related short-term borrowings for working capital purposes. During FY2023, the Group had repaid substantially its bank borrowings so as to reduce its finance cost following the increase in the overnight policy rate (OPR) by Bank Negara Malaysia.

Equity attributable to the owners of the Company as at 30 June 2023 stood at RM680.37 million as compared to RM665.18 million as at 30 June 2022 after taking into account the profit after tax of RM39.46 million netting the dividends declared amounting to RM36.67 million in FY2023. During FY2023, the Company had bought back its own shares from open market amounting to RM3,477.

### **Capital Expenditure Requirements and Capital Structure**

For FY2023, the Group incurred capital expenditures (CAPEX) of RM6.73 million as compared to RM4.95 million in FY2022. Due to uncertain economic conditions, the Group has been careful in incurring CAPEX. The CAPEX spent are merely for replacement and restoration of machineries and equipment.

The capital structure as at 30 June 2023 in which the Group financed its overall operations comprising different sources of funds is as follows:

	30.06.2023 RM'000	30.06.2022 RM'000	Change %
<u>Equity</u>			
Share Capital	177,929	177,929	-
Treasury Share	(18,884)	(18,880)	↑ 0.02%
Reserves/Retained Profits	521,323	506,127	↑ 3.00%
<u>Debts</u>			
<u>Net Borrowings</u>	NIL	NIL	
<u>Total</u>	680,368	665,176	↑ 22.8%

# Management Discussion & Analysis (cont'd)

## Review of Operating Activities of Principal Business Segments

	<b>FY2023</b> <b>RM'000</b>	<b>FY2022</b> <b>RM'000</b>	<b>Change</b> <b>%</b>
<b>Revenue</b>			
Fasteners Division	345,662	493,265	↓ 29.9%
Wire Division	110,790	164,573	↓ 32.7%
Investment Holdings	-	-	
<b>Group Revenue</b>	<b>456,452</b>	<b>657,838</b>	↓ 30.6%
<b>Profit/(Loss) before tax</b>			
Fasteners Division	49,291	103,926	↓ 52.6%
Wire Division	2,491	18,507	↓ 86.5%
Investment Holdings	498	(277)	↑ 279.8%
<b>Group Profit Before Tax</b>	<b>52,280</b>	<b>122,206</b>	↓ 57.2%

### **Fasteners Products**

For FY2023, Fasteners division recorded a total revenue of RM345.66 million indicating a decline of 29.9% as compared to the immediate preceding financial year. The fall in export sales were largely attributable to weak demand from the European market and lower average selling price resulted from price competition from China after re-opened of their country border in second half of the current financial year. The demand from Europe was adversely affected by the on-going geopolitical conflict in particularly war between Ukraine and Russia, elevated inflation rate and the hikes of interest rate in the region. Meanwhile the demand from local market was below the expectation as well because there were no mega construction projects started in the country during the current financial year since the formation of the Unity Government caused the demand for fasteners to slump and affected the revenue of the division. As a result, the profit before tax for this division reduced by RM54.64 million to RM49.29 million from RM103.93 million in FY2022.

### **Wire Products**

Wire division posted total revenue of RM110.79 million in FY2023 representing a decrease of 32.7% as compared to FY2022. The profit before tax for this division dropped from RM18.51 million in FY2022 to RM2.49 million in FY2023. In addition, this division experiencing slow demand, and the profit margin was affected by the lower selling price and fixed overhead cost.

### **Business Risks**

The supply of wire rod and fluctuation of its price remain one of the major business challenges of the Group. When there is a shortage of supply and the prices of wire rod fluctuate, the Group's profit margin will be impacted in short term. In the past, the Group had successfully minimised the business impact of the wire rod price fluctuation through inventory planning. In order to mitigate the risk, the Group has been constantly monitoring the price movement of the wire rod and would purchase in bulk in order to secure more competitive pricing. It is also the practice of the Group to source its raw material from various sources so that it not reliant on a single supplier. The Group always ensures sufficient inventories for its production requirements by stocking up the materials when its price is low. Despite the fluctuation of the raw material price, there should not be a significant impact on the Group's bottom line in the long run as the Group applies cost-plus method in its pricing strategy. In addition, with the good relationship that the Group maintains with its long-term suppliers, the Group manages to have sufficient raw materials when there is a shortage of steel supply worldwide.

The unfavourable global political conflicts such as escalating tension between US-China and the on-going Ukraine-Russia war may continue to weigh on the global economic activities and adversely impact the demands for the Group's products. These are events and circumstances that are beyond the Group control. However, to mitigate such risk it is always the Group intension to leverage on its competitive strength such as to focus on our production efficiency, to widen our product range, upgrade our product quality and enhance our delivery lead time efficiency. These will equip us to remain competitive in the industry for unexpected challenges ahead.



# Management Discussion & Analysis (cont'd)

## **Business Risks (cont'd)**

Another challenge to be addressed by the fasteners industry is the implementation of the new rules and regulations in relation to the environmental concerns. With effect from October 2023, Carbon Border Adjustment Mechanism (CBAM) will be implemented by European Union (EU) with the ultimate aim at reducing carbon emissions by ensuring the imported goods to EU from the countries outside EU are subject to the levy equal to the same carbon cost as that of the EU manufacturers. The full implementation phase will be started in 2026. During the transition period from October 2023 to December 2025, exporters are required to provide information related to its product's CO2 emission to the customers in Europe. Other than the levy, the CBAM policy is expected to cause massive changes to EU's importers and would indirectly affect the exporters involved. As an effort to address this concern, the major subsidiaries of the Group had engaged external consultants to assess the CO2 emission of its production plant to serve as a base for future reduction in CO2 generation.

## **Forward-looking Statement**

The market outlook in next financial year is expected to be more volatile and challenging than the current reporting year. This is evidenced from the on-going geopolitical conflicts, instability and rampant inflation worldwide especially in the United States and certain European countries that may have triggered recession in the region and this will negatively affect the demand on the Group's products that both US and Europe being two of the Group's major destination markets.

Despite the adverse impact from the global uncertainties, the Group expects to continue benefiting from anti-dumping duties imposed by the European Commission and US on steels and fasteners originated from China as well as mega infrastructure projects by the US government as part of their efforts to boost their local economy.

It is also anticipated that the construction projects in Malaysia will restart in the months ahead and this will drive the demand for fastener products from local market. In addition, the Group will continue to focus in its DIY segment and expansion in its downstream products to cushion the weakening demand and profit margin compression.

The Group would continue to explore other new business ventures which will potentially benefit the growth of the Group. Given 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 Group is resilient and cautiously optimistic of a satisfactory performance in the forthcoming year.

## **Dividend**

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

In FY2023, CWHB declared a total dividend of 5.51 sen per share, which represented 40% of the Group's net profits.

## **Appreciation**

On behalf of the Board of Directors and management, we would like to express our sincerest appreciation to the Group's business associates, suppliers, customers and shareholders for your continuous trust and support. The Board will continue to strive towards enhancing value for all our shareholders and we look forward to have you in our future journey.

## Directors' Profile

### **TSAI YUNG CHUAN**

*Managing Director*

**Age:** 66  
**Gender:** Male  
**Nationality:** Taiwanese

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

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

### **TSAI CHANG HSIU-HSIANG**

*Executive Director*

**Age:** 66  
**Gender:** Female  
**Nationality:** Taiwanese

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

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

### **LIM CHIEN CH'ENG**

*Non-Independent Non-Executive Chairman*

**Age:** 70  
**Gender:** Male  
**Nationality:** Malaysian

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

He is an Independent Non-Executive Director of P.I.E Industrial Berhad, a public company listed on Bursa Securities. Save as disclosed, he does not have any directorship in public companies and other listed issuers.

## Directors' Profile (cont'd)

### **ANG SENG OO**

*Independent Non-Executive Director*

**Age:** 68

**Gender:** Male

**Nationality:** Malaysian

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

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

### **LOW YEAW SENG**

*Independent Non-Executive Director*

**Age:** 65

**Gender:** Male

**Nationality:** Malaysian

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

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

### **DATIN SHARMIN FAZLINA BINTI MOHD SHUKOR**

*Independent Non-Executive Director*

**Age:** 44

**Gender:** Female

**Nationality:** Malaysian

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

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

## Directors' Profile (cont'd)

**TSAI CHIA LING**  
Executive Director

**Age:** 44  
**Gender:** Female  
**Nationality:** Taiwanese

She was appointed to the Board of CWHB on 5 July 2021. She graduated from National Cheng Kung University in 2001 with a Bachelor of Business Administration Degree. She started her career as a Management Trainee with Gem-Year Industrial Co. Ltd. (China) before she joined Chin Well Fasteners Co. Sdn. Bhd. ("CWF") as a Marketing Executive in 2003. She was appointed as the General Manager of CWF on 1 July 2013 and she is currently overseeing the entire operation of CWF.

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

**TSAI CHENG HSUN**  
Executive Director

**Age:** 42  
**Gender:** Male  
**Nationality:** Taiwanese

He was appointed to the Board of CWHB on 1 July 2022. He graduated from National Taiwan University with Bachelor of Business Administration in 2003 and received his Master degree of Business (Public Relations) from the Queensland University of Technology in 2013. He has more than 13 years' experience in fasteners related field. He joined Chin Well Fasteners (Vietnam) Ltd ("CWFV") since its inception and has played a pivotal role in various aspect of the management. He was appointed as the General Director of CWFV on 13 June 2013 and he is currently overseeing the entire operation of CWFV.

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

## Key Management Profile

### TSAI CHIA-WEN

Marketing Manager –  
Chin Well Fasteners (Vietnam) Co. Ltd.,

**Age:** 33  
**Gender:** Female  
**Nationality:** Taiwanese

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

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

### TENG CHUNG-CHIEN

Senior Marketing Manager –  
Chin Well Fasteners Co. Sdn Bhd.,

**Age:** 66  
**Gender:** Male  
**Nationality:** Taiwanese

He obtained his Bachelor degree of Business Administration from Chihlee University of Technology, Taiwan in 1977. He has numerous years of working experience in the fasteners industry when he was in Taiwan. He came to Penang in 1988 and set up Chin Well Fasteners Co Sdn Bhd (CWF) together with the founder of the company. He focused in the Marketing activities of CWF since its inception and he was promoted to the Senior Marketing Manager on 1 July 2016.

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

### CHU KIM TEIK

General Manager –  
Chin Herr Industries (M) Sdn Bhd

**Age:** 57  
**Gender:** Male  
**Nationality:** Malaysian

He completed his STPM qualification in Chung Ling High School, Penang in 1986. He has more than 30 years experience mainly focused in sales and marketing. He joined the Group 31 years ago, as an International Sales Representative in the Fasteners division in 1992. Two years later, he was transferred to the Wire division and involved in the sales and marketing activities. He holds the position of General Manager in the Wire division since 1 June 2008 and his key responsibilities are leading the management planning and overseeing the operations of the Wire division.

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

### Notes:

- N1) Tsai Yung Chuan, Tsai Chia Ling and Tsai Cheng Hsun are the major shareholders of CWHB.  
N2) Family relationships amongst the Directors, Key Management and/or major shareholders of CWHB:-

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

- N3) None of the Directors and Key Management has any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries.  
N4) None of the Directors and Key Management has been convicted for offences within the past 5 years nor any public sanctions or penalty imposed by the regulatory bodies during the financial year other than traffic offences, if any.



# Corporate Governance Overview Statement

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

This statement gives the shareholders an overview of the corporate governance practices of the Company during the financial year ended 30 June 2023 (FY2023) and it is to be read together with the Corporate Governance Report which is available at the Company's website ([www.chinwell.com.my](http://www.chinwell.com.my))

In FY2023, the Company had adopted 42 out of the total 45 recommended practices in MCCG. The recommended practice not adopted is as follows:

## Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises majority independent directors.

## Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

## Practice 13.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

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

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

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

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

### Board meetings

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

# Corporate Governance Overview Statement (cont'd)

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

### Board meetings (cont'd)

The Board met five (5) times during the FY2023. The details of each Director's attendances at Board meetings are as follows:

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

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

The Board was satisfied with the level of time commitment given by the Directors having multiple board representations as they had fulfilled their roles and responsibilities as Directors of the Company during the FY2023.

### Directors Trainings

All the Directors of the Company had attended the MAP Part I, the Mandatory Accreditation Programme (**MAP**) for Directors under the Main LR prescribed by Bursa Securities.

Pursuant to the recent amendments to the Main LR of Bursa Securities in relation to sustainability training, our Directors namely Tsai Yung Chuan, Tsai Chang Hsiu-Hsiang and Tsai Chia Ling respectively had attended the MAP Part II on 7<sup>th</sup> to 10<sup>th</sup> August 2023. Save as disclosed, all the other Directors of the Company will attend the MAP Part II before 01 August 2025.

During FY2023, the Nominating Committee and the Board had reviewed and assessed the trainings attended by the Directors and had allocated a training budget for each Director to encourage them to attend more structured trainings to keep them abreast with the regulatory and industry development.

The Directors however, are to evaluate their own training needs on a continuous basis and to attend workshops, seminars and other training programmes that would enable them to enhance their knowledge and contribution to the Board.

# Corporate Governance Overview Statement (cont'd)

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

### Directors Trainings (cont'd)

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

Director	Trainings
Tsai Chia Ling	Possible Impact of RCEP and CPTPP on Iron & Steel Industry Advocacy Session for Directors and Senior Management of Main Market Listed Issuers
Tsai Cheng Hsun	Mandatory Accreditation Programme
Tsai Chang Hsiu-Hsiang	The Impact of Inflation on Global Economy Outlook Transfer Pricing Rules 2023 & Special Voluntary Disclosure Programme 2.0
Tsai Yung Chuan	The Impact of Inflation on Global Economy Outlook
Ang Seng Oo	The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers Bursa Malaysia's Enhanced Sustainability Reporting Framework
Datin Sharmin Fazlina Binti Mohd Shukor	MFRS Master Class

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

### Board Composition

The Board, currently consists of eight (8) members; comprising four (4) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director. The Board complies with Paragraph 15.02 (a) of the Main LR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors.

The Directors, with their different background and expertise, collectively bring with them a wide range of experiences such as finance, legal, corporate affairs, marketing and operations. A brief profile of each Director is presented on pages 19 to 21 of this Annual Report.

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

Name	Designation	Directorate
Ang Seng Oo	Chairman	Independent Non-Executive
Datin Sharmin Fazlina Binti Mohd Shukor	Member	Independent Non-Executive
Low Yeaw Seng	Member	Independent Non-Executive

# Corporate Governance Overview Statement (cont'd)

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

### Board Composition (cont'd)

The Nominating Committee met once during the financial year ended 30 June 2023 with full members present. The activities of the Nominating Committee are summarised as follows:-

- a) Reviewed and assessed the composition of the Board and Board Committees
- b) Reviewed and assessed the contributions of individual Directors and Independent Directors
- c) Reviewed and assessed the Directors due for retirement by rotation
- d) Reviewed and assessed the performance of the Audit Committee and each of its member
- e) Reviewed and assessed the Continuing Education Programmes and the Directors' training needs
- f) Reviewed and assessed the Board skills matrix and Boardroom Diversity
- g) Reviewed and assessed the effectiveness of the Company's the Environmental, Social and Governance (ESG) and Sustainability matters
- h) Reviewed and assessed the Independent Director whose tenure was more than 9 years

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

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

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

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

The Board had established a gender diversity policy to have at least 30% of its Directors are women Directors in the composition of the Board. As at 30 June 2023, three (3) out of eight (8) Directors of the Company are women Directors equivalent to 37.5% and this complies with Paragraph 15.02 (b) the Main LR of Bursa Securities as well as the Company's internal policy of having at least 30% women Directors in the composition of the Board.

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

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

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

# Corporate Governance Overview Statement (cont'd)

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

### Board Composition (cont'd)

The Board had established a Proper and Fit Policy for the appointment of the Directors and a copy of the policy is available on the Company's website.

The assessment of candidate as an Independent Director is carried out before their appointment. Additionally, the Independent Directors are required to provide an undertaking to Bursa Securities pursuant to Paragraph 1.01 of the Main LR of Bursa Securities confirming their independency. On annual basis, the Independent Directors are required to carry out a self-assessment evaluations that they are free of any significant business or other relationships which could interfere with the exercise of independent judgment and able to act in the best interests of the Company and ensure shareholders' interests are given priority in the event of a conflict of interest.

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

### Tenure of Independent Directors

Practice 5.3 of the MCCG stipulates that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years. An Independent Director may continue to serve the Board subject to re-designation as a Non-Independent Director. In the event the Board intends to retain the Independent Director after serving a cumulative term limit of nine (9) years, the Board will seek shareholders' approval through two-tier voting.

As at the date of this report, Datin Sharmin Fazlina Binti Mohd Shukor who was appointed on 1 October 2023 had served the Board as an Independent Non-Executive Director for more than nine (9) years. In this respect, the Nominating Committee had assessed the independence of Datin Sharmin Fazlina and recommended her to continue in office as she has demonstrated complete independence in character and judgement. The Board having considered the recommendation of the Nominating Committee proposed that Datin Sharmin Fazlina be remained as an Independent Director of the Company. In view of her tenure is more than nine (9) years, the Board would seek shareholders' approval through a two-tier voting process at the forthcoming 27th AGM of the Company.

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

As at 30 June 2023, none of the Independent Directors of the Company had cumulatively served more than nine (9) years.

### Remuneration

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

Name	Designation	Directorate
Datin Sharmin Fazlina Binti Mohd Shukor	Chairman	Independent Non-Executive
Ang Seng Oo	Member	Independent Non-Executive
Low Yeaw Seng	Member	Independent Non-Executive



# Corporate Governance Overview Statement (cont'd)

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

### Remuneration (cont'd)

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

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

The remuneration of the individual Directors for FY2023 had been disclosed in the Corporate Governance Report.

### Details of Top Five Senior Management Remuneration

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

The top five (5) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for FY2023 within the successive bands of RM50,000 are as follows:

Remuneration Band	Number of top five(5) senior management
RM550,001 to RM600,000	1
RM450,001 to RM500,000	1
RM300,001 to RM350,000	1
RM150,001 to RM200,000	2

## PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

Members of the Audit Committee and their meeting attendance during the FY2023 are as follows:-

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

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

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

# Corporate Governance Overview Statement (cont'd)

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

### Risk Management and Internal Control Framework

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

The Company outsourced its internal audit functions to external consulting firms. The Internal Auditors assists the Audit Committee in discharging its duties and responsibilities. The Internal Auditors is to provide independent review on the state of risk management and internal control of the Group report directly to Audit Committee. The Audit Committee reviews, deliberates and evaluates the effectiveness and efficiency of the risk management and internal control systems in the organization.

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

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

The Statement on Risk Management and Internal Control furnished in pages 41 to 43 of this Annual Report provide an overview of the state of internal controls within the Group.

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

### Integrity in Corporate Reporting

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

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

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

### Relationship with the External Auditors

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

# Corporate Governance Overview Statement (cont'd)

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

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

During FY2023, the non-audit services provided by the External Auditors is amounting to RM2,000. The Audit Committee met with the External Auditors twice without the presence of the Executive Directors and Management of the Company.

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

For the FY2023, GT had confirmed in writing that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

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

### **Corporate Disclosures**

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

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

### **Conduct of general meetings**

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

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

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

In compliance with the Main LR and the Company's Constitution, all the resolutions set out in the notice of the forthcoming AGM shall be voted upon by poll.

This statement is issued in accordance with a resolution of the Directors dated 5 October 2023.

## Additional Compliance Information

### Material Contracts

There were no material contracts entered by the Company and its subsidiaries involving Directors' and major shareholders' interest during the current financial year.

### Utilisation of Proceeds

For the financial year ended 30 June 2023, there were no proceeds raised by the Company from any corporate proposal.

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

The RRPT entered by the Group during the financial year are enclosed in Note 33 of the financial statements in pages 112 to 114 of this Annual Report.

### Audit and Non-audit Fees

For the financial year ended 30 June 2023, the fees payable for external audit services by the Company and the Group was RM 38,000 and RM117,000 respectively. The Company paid RM2,000 for non-audit services during the current financial year.

## Directors' Responsibility Statement

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

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

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

This statement is issued in accordance with a resolution of the Directors dated 5 October 2023.

# Sustainability Report

The Board of Directors ("Board") of Chin Well Holdings Berhad is proud to present the Sustainability Report for the financial year ended 30 June 2023. This Report is prepared in the manner prescribed by Bursa Malaysia Securities Berhad ("Bursa") in its Main Market Listing Requirements ("Listing Requirements") and taking into consideration the Sustainability Reporting Guide – 2<sup>nd</sup> Edition and its accompanying Toolkits issued by Bursa.

Our sustainability reporting period covers from 1 July 2022 to 30 June 2023 and the scope of this report includes of our major subsidiaries, Chin Well Fasteners Co. Sdn. Bhd. ("CWF") and Chin Herr Industry Sdn. Bhd. ("CHI") in Malaysia and Chin Well Fasteners (Vietnam) Co.Ltd. in Vietnam ("CWFV").

## Sustainability Governance Structure

Our Board of Directors ("BOD") holds the responsibility of ensuring that sustainability is integrated into the process of strategic planning of the Group.

The BOD is supported by our Sustainability Management Committee ("SMC") which consists of the management members, oversees the formulation of the Group's sustainability policy and implementation of the Group's sustainability strategies.

## Sustainability Policy

The Group acknowledges that its operations impact the economy, environment, workplace, and the communities in the areas we operate in. As such, our sustainability strategies are based on these areas whilst using materiality assessment on factors relevant to the Group. Sustainable practices are progressively embedded into the day-to-day operations and decision-making processes, and these practices guide the Group in the conduct of its businesses, and form an integral part of our overall strategy. Our Sustainability Policy is steered by the four key objectives:

1. To invest and utilise resources in a sustainable manner to promote long-term profitability of the Group;
2. To promote responsible and ethical marketplace practices;
3. Undertaking responsible practices that preserve our environment; and
4. Enriching community.

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

## Stakeholders Identified

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

Stakeholder group	Engagement method	Frequency of engagement	Sustainability material matter
Customers	Face to face interaction	As needed	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Customer complaint</li> </ul>
	Customer feedback/survey	As needed	
	Product exhibition	Adhoc	
	Product quality audit by customer	As needed	
Suppliers	Face to face interaction	As needed	<ul style="list-style-type: none"> <li>• Quality of goods /service supplied</li> <li>• Timely delivery</li> <li>• Competitive pricing</li> <li>• Consistent supply</li> <li>• Anti-bribery and corruption</li> </ul>
	Supplier visit	Adhoc	
	Supplier appraisal	As needed	
Government & Authorities	Regulatory requirement	On-going	<ul style="list-style-type: none"> <li>• Compliance</li> </ul>
	On-going interaction	As needed	
	Meeting	As needed	
	Reports	Periodically	

## Sustainability Report (cont'd)

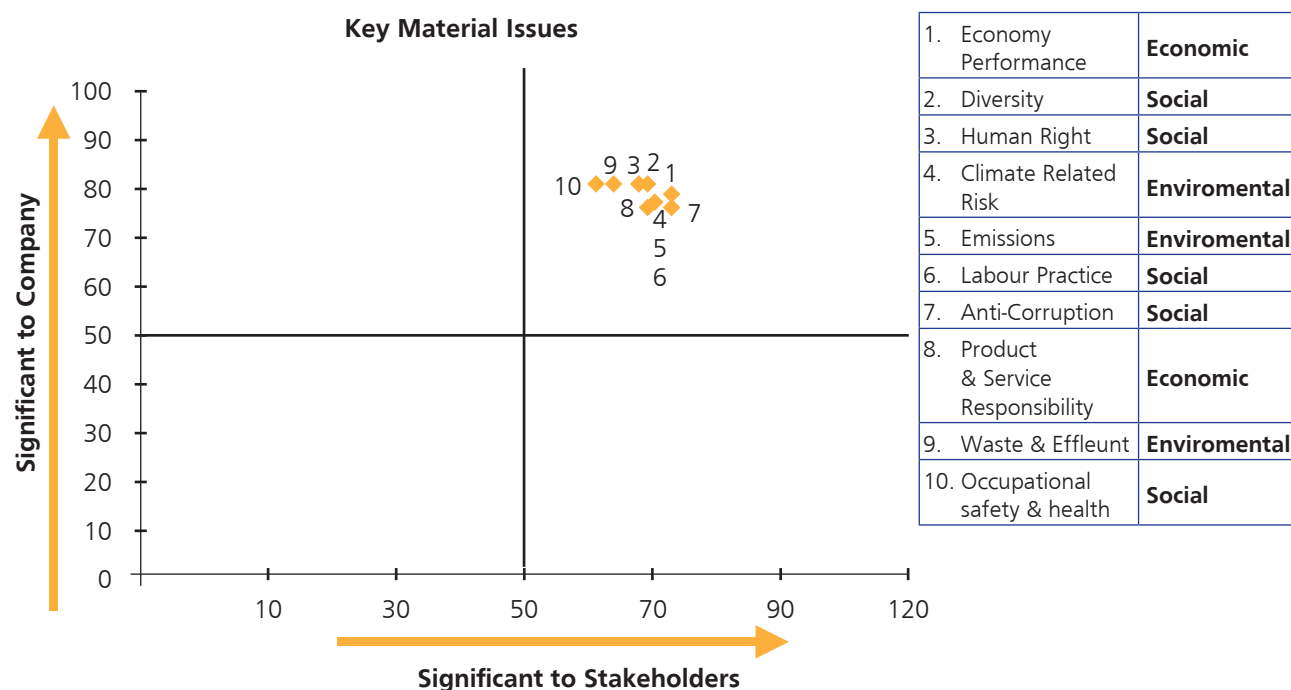
### Stakeholders Identified (cont'd)

Stakeholder group	Engagement method	Frequency of engagement	Sustainability material matter
Employees	Management meeting	Regularly	<ul style="list-style-type: none"> <li>Career development and training opportunity</li> <li>Workplace health and safety</li> <li>Work-life balance</li> </ul>
	Performance appraisals	Annually	
	Training programme	As needed	
Local Communities	Donation and financial aid	Regularly	<ul style="list-style-type: none"> <li>Community development</li> <li>Social and environmental issue</li> </ul>
Investors	Quarterly Financial Result Announcement	Quarterly	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Corporate governance</li> <li>Regulatory compliance</li> </ul>
	Media and investor briefing	Regularly	
	Company's website	On-going	
	Annual General Meeting	Annually	

### Material Sustainability Matters

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

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



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



# Sustainability Report (cont'd)

## **WHAT IS MATERIAL TO US:**

### **ECONOMIC**

#### ***Economic Performance***

FY2023 was a volatile and challenging year for the Group. The persistent uncertain global economy conditions and political sentiment during the current financial year affected the performance of the Group. The Group created direct economic value of RM456.45 million via its sales in the current financial year which is a decrease 69% as compared to RM657.84 million in the year before. Its profit before tax declined from RM122.21 million in FY2022 to RM 52.28 million in the current reporting year.

In terms of our economic value to our shareholders, we continue to pay dividend for at least 40% of our profit after tax to our shareholders. In FY2023, a total of RM36.67 million had been paid out as dividends whilst RM20.63 million had been paid out as dividends in the last financial year. The Group continues to be cautious in its spending on capital expenditure in view of the economic uncertainties where approximately RM6.73 million had been spent for fixed assets in the current reporting period as compared to RM4.95 million in the immediate preceding year. These capital investments are mainly to replace and restore the machineries and equipment to enable the Group to continue its sustainability through its existing production capacity and increases its productivity efficiency.

#### ***Product Responsibility and Customer Satisfaction***

In line with our Group's vision, it is always our aim to deliver quality products that meet our customer's demand. We place consumer satisfaction, health and safety as one of the top priorities of our company's visions. We understand that non-compliance with the health and safety issue not only will tarnish our Group's reputation but also will impact our customers and community. Therefore, we are always committed toward attaining high standard quality of our products and do not manufacture banned products. We have in place ISO 9001 certification, environmental management system, testing and calibration laboratories and system to ensure we continuously add value to our customer by providing them quality products. In overseas market, we are in compliance with prevailing laws and regulations governing the respective products in the various countries in which they are sold. During FY2023, to the best of our knowledge, there has been no major incident of non-compliance with the regulations in the foreign countries where our products were sold.

Besides the high quality of products, we are also committed to deliver on time and provide good after sales service. Although our customers reach span the world, we have managed to maintain good relationship with them across a multitude of platforms such as through direct inquiry, dedicated servicing of specific customers, company's website and trade exhibitions which we had participated in. Beside visit, we always maintain close relationship with our customers via phone calls, digital mode such as whatapps, wechat and emails. For customers that we are unable to visit regularly, on-line video meeting were held to ensure their expectation are met and problems are attended to. In order to continually improve our service, we conduct customer survey regularly with our major customers and customers' satisfaction is monitored and tracked closely.

We measure our customers' level of satisfaction with us through an annual customer satisfaction index in areas of quality, service, delivery and cost. Based on our survey results in FY2023, CWF maintained an average of 3.89 points out of 5.00 point on the customer satisfaction score. While CHI recorded an average of 3.96 point out of 5.00 point on the customer satisfaction scores. In regards of customer complaint, CWF received 24 complaints while CHI received 6 complaints from its customers and CWFV received 13 customer complaints during the reporting financial year. With the result of the survey we understand our strength and weakness better and we will focus on our responsiveness, promptness of delivery and quality of packing, to improve ourselves and serve the customers better in future.

Subsidiary	Customer Satisfaction Rating			
	Target Rating	FY2021	FY2022	FY2023
CWF	4.0	3.91	3.91	3.89
CHI	4.0	4.07	3.53	3.96

# Sustainability Report (cont'd)

## WHAT IS MATERIAL TO US: (CONT'D)

### ECONOMIC (CONT'D)

#### *Product Responsibility and Customer Satisfaction (cont'd)*

Subsidiary	Number of Customer Complaint			
	Target	FY2021	FY2022	FY2023
CWF	0	19	17	24
CHI	0	15	15	6
CWFFV	0	NA	NA	13

### ENVIRONMENTAL

#### *Emissions & Climate Change*

In tandem with the economic and population growth, human activities contributing to the greenhouse gas emission which leads to global warming and climate change. The Group is concerned about the severity of the greenhouse impact on global warming. The global climate change not only cost the financial loss to the world but also the loss of human life. Therefore Group has taken its first step towards incorporating sustainability within its business operations by engaging consultants to assess the operational emissions of the production plant to serve as a baseline for improvement in the future. The assessment of the emissions from its production is expected to be completed in the next financial year.

#### *Waste & Effluent*

We handle effluents and waste in line with Environmental Quality Regulations 2009. We consistently keep track on the volume of effluent generated from our production and ensure that the critical parameters such as pH value, chemical oxygen demand, suspended solids and other trace elements are within the effluent standard. We have in place our in house waste water treatment plant to treat the hazardous water generated before it is discharged to local water course. This will reduce the burden on public water treatment. During the current financial year RM310,613 had been spent in maintaining the existing waste water treatment plant in CWF. Through these efforts, our wastewater discharge in the current reporting year had complied with the Environmental Quality (Industrial Effluent) Regulations 2009. Our records showed that the quality our wastewater discharge is within the effluent standard required.

Given the nature of our industry, our operations generate scheduled waste which includes amongst other waste streams, waste containing organic or inorganic constitutions and chemical waste. In compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005, all scheduled waste generated are properly stored and transported to licensed contractor, certified by DOE for treatment or recovery. We always aim to recycle more of scheduled waste generated and will continue our efforts to reduce the waste generation and disposal. During FY2023, the recycling rate of the hazardous generated in the respective subsidiaries are appended below.

Subsidiary	Recycling Rate			
	Target	FY2021	FY2022	FY2023
CWF	40.00%	50.00%	48.63%	48.11%
CHI	75.00%	63.00%	85.00%	97.00%
CWFFV	12.00%	NA	NA	13.00%

The recycling rate of CWF recorded in FY2023 was lower as compared to the previous year mainly due to different product mix which was produced in the current financial year as there was more production of thread bar which generate less recycling hazardous waste, are produced during the current financial year. The percentage of recycling hazardous waste reduced in line with the commencement of operation of two new plating production line which influence the increment of non-recycling hazards waste.

## Sustainability Report (cont'd)

### WHAT IS MATERIAL TO US: (CONT'D)

#### ENVIRONMENTAL (CONT'D)

##### **Waste & Effluent (cont'd)**

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

In view of the nature of our production activities, we are subject to periodical check by Department of Environment (DOE) to ensure we comply with the environmental requirements. During FY2023, there had been no penalty by the authorities for non-compliance with the environmental laws and regulations in our operations in Malaysia. In Vietnam, CWFV has complied with the local regulation (Vietnam Environmental Protection Law).

##### **Energy Consumption**

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

Below is the electricity usage of the reporting subsidiaries during FY2023 as compared to the previous years:

Subsidiary	Electricity (kWh)			Energy Intensity (EI) (kWh/MT)			
	FY2021	FY2022	FY2023	Target	FY2021	FY2022	FY2023
CWF	9,092,778	10,600,734	8,868,350	< 500	370	361	371
CHI	16,709,064	14,677,871	11,027,687	<450	369	400	431
CWFV	NA	NA	25,460,875	NA	NA	NA	2,071

The electricity consumption in CWF recorded a decline in FY2023 after the use of solar power since Nov 2022. The solar panels are in the installation process in CHI and CWFV and it is expected the power consumption of the Group will be further reduced once the usage of solar energy commence in the two subsidiaries. We aim to save on utilities cost and at the same time contribute towards a more sustainable and low carbon community.

The electricity consumption in CWFV is comparably higher than CWF and CHI is mainly due to their higher production output and product mix.

##### **Water Management**

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

# Sustainability Report (cont'd)

## WHAT IS MATERIAL TO US: (CONT'D)

### ENVIRONMENTAL (CONT'D)

#### **Water Management (cont'd)**

The followings table provides the information on our water consumption in the reporting subsidiaries during the FY2023 as compared to previous reporting years:

Subsidiary	Unit of Measurement	FY2021	FY2022	FY2023
CWF	m3	436,478	401,770	276,436
CHI	m3	57,026	54,715	47,688
CWFFV	m3	NA	NA	122,091

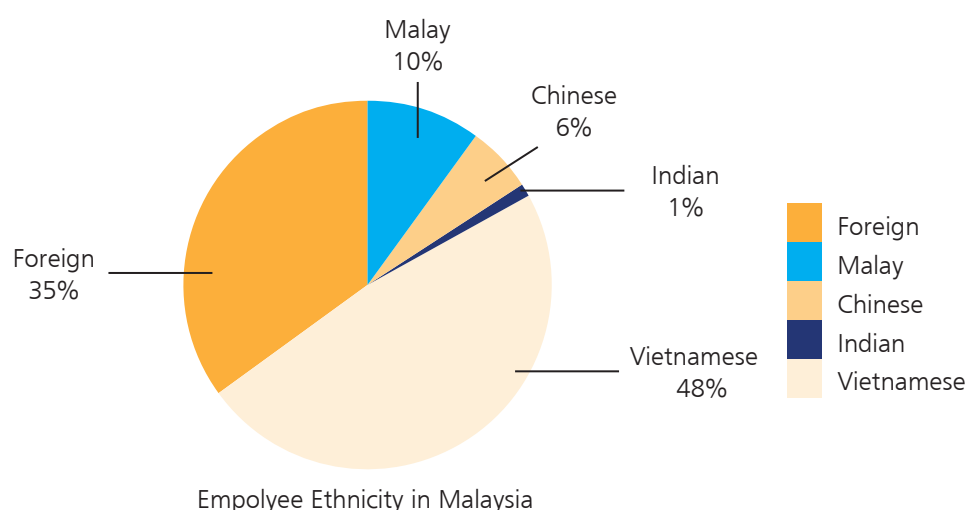
The higher water consumption recorded by CWF in FY2021 is mainly due to set up of a new plating line to cater for higher production volume.

## SOCIAL

### **Diversity**

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

Currently, 74% of our work force in the reporting subsidiaries is male in view of the work nature, nevertheless we will consider female recruitments if they are appropriate for the positions. Whilst the current ethnicity in the work place of the Group are as follow:



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

## Sustainability Report (cont'd)

### **WHAT IS MATERIAL TO US: (CONT'D)**

#### **SOCIAL (CONT'D)**

##### ***Upholding Human Rights***

In regards to upholding human rights, our Group always supported international accepted human rights principles such as those related to child labour and human trafficking. We are in compliance with the prevailing Labour laws and/or regulations both in Malaysia and Vietnam throughout the current financial year.

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

##### ***Training***

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

Below is the target and training per employee of the respective subsidiaries during the current reporting year.

Subsidiary	Target (employee/hour)	FY2023 (employee/hour)
CWF	1.4	4.91
CHI	2.0	2.60
CWFFV	13	26.4

##### ***Anti-Bribery and Corruption Policy***

Chin Well Group has adopted an anti-bribery and corruption policy since June 2020 when the amendment to the Malaysian Anti-Corruption Act 2009, the Corporate Liability Provision known as S17A, came into effect. An independent consultant had been engaged to advise the Group in the implementation of the adequate procedures in accordance with the corporate liability provision. Training had been held to the existing staff and will be conducted for the new employees to create awareness of the risk and implication of fraud, bribery and corruption. The briefing also reminds the employees to discharge their duties with due care where breaching their fiduciary duties may lead to their dismissal. The following practices are in place to ensure adequate control measures with the aim to prevent the occurrence of corruption in the Group:

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

Periodical review will be carried out to assess the status and effectiveness of the implementation of the adequate procedures in the respective subsidiaries. Enhancement will be carried out in the areas weaknesses are identified.

## Sustainability Report (cont'd)

### **WHAT IS MATERIAL TO US: (CONT'D)**

#### **SOCIAL (CONT'D)**

##### ***Whistle Blowing Policy***

In addition to the anti-bribery and corruption policy, Chin Well Group has in place a whistle-blowing policy to allow our employees the mechanism to raise concerns on possible improprieties in financial reporting, fraudulent acts and other such irregularities without fear of reprisals. The policy was last updated in June 2020 in conjunction with the effective of Corporate Liability Provision, Sec17A of amendment to Malaysian Anti-Corruption Act (MACC) 2009. The mechanism was endorsed by our Audit Committee and reports or concerns of improprieties are made directly to the Chairman of the Audit Committee. In FY2023, there was no-known whistle blowing case in the Group.

##### ***Occupation Safety & Health***

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

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

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

Subsidiary	Number of accident cases			
	Target	FY2021	FY2022	FY2023
CWF	0	1	2	3
CHI	0	1	0	2
CWFFV	0	NA	NA	6

When the COVID-19 hit Malaysia community in year 2020 and 2021, the Health and Safety Committee carried out regular inspections in the factories premises to ensure the SOP are always adhered by the workers and to prevent the spreading of the coronavirus in the work place. Regular sanitizing in common areas, body temperature screening facility had been installed at the main entrance of our premises. Periodic COVID-19 test had been conducted for all our staff. Briefing on procedures and preventive measures of COVID-19 at the work place had also been conducted regularly to the workers. Despite uplift of some of the SOPs by Kementerian Kesihatan Malaysia (KKM) in year 2022, we still continue the practice of the SOPs such as wearing facemask in the work place.

During the current financial year, CWF and CHI had engaged an approved audiometric professional under the supervision of Occupational Health Doctor to perform audiometric test on its production workers to assess the workers' hearing function. Appropriate follow up actions had been taken on the workers whose hearing is found to be impaired resulting from the work environment. Implementation of noise exposure control had been progressively being implemented in the production area to protect the worker's hearing from further impair. In addition, training on the proper usage of the personal hearing protector had been scheduled from time to time to teach the workers the correct way of wearing the protector.

# Statement On Risk Management And Internal Control

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

## RESPONSIBILITY FOR RISK AND INTERNAL CONTROL

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

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

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

## RISK MANAGEMENT

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

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

- Departmental heads of the major local subsidiaries have identified the critical risk areas and updated the risk profiles of their departments;
- The respective departmental heads have prepared a risk register detailing significant risk issues of their departments, existing controls and additional control measures were updated and implemented to manage the risks;
- Risks are classified into two categories, namely Non-controllable risk which is catastrophic in nature and Controllable risk, comprising the risks arise due to the internal factors;
- The risks identified were assessed and rated based on their likelihood of occurrence and severity of impact;
- During the financial year under review, the existing risks in the major operational areas have been reassessed accordingly. Adequate controls are in place to cope with the challenging business environment following the global market uncertainties;
- Top management of the respective subsidiaries i.e., the general manager, were provided with the risk register reports for review, discuss and monitor the risk profiles and implementation of action plans wherever necessary;



# Statement On Risk Management And Internal Control (cont'd)

## RISK MANAGEMENT (CONT'D)

- The management is responsible to continuously monitor the implementation of risk mitigation action plan to a level acceptable to the Board. Risk issues were discussed in the management meeting whenever required and existing controls are re-assessed and strengthened from time to time;
- A copy of the risk register of the subsidiaries were forwarded to the internal auditors for compilation;
- The internal auditors have summarised and updated the top-ranking risks identified by the major subsidiaries in Malaysia and presented it to the Audit Committee, highlighting the new emerged or significant risks facing by each major subsidiary. Audit Committee will ensure there are sufficient controls in place or management action plan to mitigate the consequences;
- The Audit Committee has taken the risk report into consideration for future audit purposes; and
- The Audit Committee consulted the internal auditors for further improvement of the risk management process of the group from time to time.

## INTERNAL AUDIT

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

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

During the financial year ended 30 June 2023, the internal auditors have conducted reviews on production control and information management system of two major subsidiaries in Malaysia. In Vietnam, the internal audit team had reviewed the compliance of their standard operating procedures in various departments within the subsidiary. A number of minor internal control weaknesses were identified during the audit, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

## INTERNAL CONTROL

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

- An organisation structure with well-defined scopes of responsibility, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- All the major subsidiaries have been certified with MS ISO 9001:2015 Quality Management System;
- Surveillance Audit will be conducted annually to ensure the compliance of the MS ISO 9001:2015 requirements;
- A set of documented internal policies and procedures for operational and human resource management, which is subject to regular review and improvement;
- Regular and comprehensive information provided to management, covering financial and operational performance for effective monitoring and decision making;

# Statement On Risk Management And Internal Control (cont'd)

## INTERNAL CONTROL (CONT'D)

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

- Regular management meetings are held in each of the Group's business operations to discuss operational issues of the business. Action-plans are constructed for issues identified during the meeting;
- Management accounts with extensive analysis and cash flow reports are provided to the executive directors to facilitate reviewing and monitoring of the financial performance and cash flows of the major subsidiaries;
- Board meetings are held on quarterly basis to discuss on quarterly financial statements and issues that warrant the Board's attention. Actual financial result of the Group compared against its budget will be reviewed by the Board;
- Group budget was presented and approved by the Board;
- Board's approval via board resolution is required for significant capital expenditures with pre-determined limit, significant business venture, disposal of significant investment of the Group and provision of corporate guarantee for financing facilities granted from financial institutions;
- Regular visits to operating units by Executive Directors and senior management;
- The professionalism and competence of the Group's human resources are maintained through established recruitment process, performance appraisal system and training; and
- Training and development programmes are attended by the staff to enhance their competency skills.

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

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

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

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the annual report for the financial year under review. Their review was performed in accordance with Paragraph 15.23 of MMLR of Bursa Securities and the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountant for inclusion in the Annual Report of the Group for the financial year ended 30 June 2023. From the review conducted, the external auditors have reported that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the Internal Control Guideline nor is the Statement factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is issued in accordance with a resolution of the Directors dated 5 October 2023.

# Audit Committee Report

## MEMBERSHIPS

The present Audit Committee ("the Committee") of the Company consists of three (3) members, comprising wholly Independent Non-Executive Directors and this meets with the requirements of paragraph 15.09(1) (b) of the MMLR of Bursa Securities. The members of the Committee and their meeting attendance during the financial year ended 30 June 2023 are as follows:-

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

## TERMS OF REFERENCE

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

## SUMMARY OF WORK

The works carried out by the Committee during the financial year ended 30 June 2023 are summarized as follows:-

### 1. Financial Reporting

- a. On 29 August 2022, the Committee reviewed the unaudited consolidated financial results for the 4<sup>th</sup> quarter of the financial year ended 30 June 2022 and recommended to the Board for approval.
- b. On 30 September 2022, the Committee reviewed the Company's annual audited financial statements for the financial year ended 30 June 2022 and recommended to the Board for approval.
- c. On 29 November 2022, 28 February 2023 and 26 May 2023 respectively, the Committee reviewed the unaudited consolidated financial results for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of the financial year ending 30 June 2023 and recommended to the Board for approval.

### 2. External Audit

- a. On 29 August 2022, the Committee held a private session with the External Auditors without the presence of the Executive Directors and the Management in relation to the financial audits of the Group for the financial year ended 30 June 2022. On the same day, the External Auditors also presented their audit findings together with the Group's results to the Committee.
- b. On 30 September 2022, the Committee deliberated the External Audit Completion Report in relation to relevant disclosures in the annual audited financial statements together with the management letter for the financial year ended 30 June 2022.
- c. On 30 September 2022, the Committee held a private session with the External Auditors without the presence of the Executive Directors and the Management in relation to the financial audits of the Group for the financial year ended 30 June 2022.
- d. On 30 September 2022, the Committee had carried out an annual assessment on the performance of the External Auditors via a set of questionnaires. Based on the assessment, the Committee was satisfied with the independence, competency and the overall performance of the External Auditors and recommended them to the Board for re-appointment as External Auditors for the financial year 2023.
- e. On 26 May 2023, the External Auditors tabled to the Committee the External Audit Plan for the financial year ending 30 June 2023 which include amongst others the engagement responsibilities and reporting responsibilities, the audit approach, areas of audit emphasis, legal updates, engagement team, proposed reporting schedule and proposed fees.

# Audit Committee Report (cont'd)

## SUMMARY OF WORK (CONT'D)

### 3. Internal Audit for subsidiaries in Malaysia

- a. On 27 May 2022, the Committee reviewed with the internal auditors, the internal audit plan for the financial year ending 30 June 2023 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- b. On 30 September 2022, the Committee reviewed the Statement of Risk Management and Internal Control and recommended to the Board.
- c. On 28 February 2023 and 26 May 2023 respectively, the Committee reviewed the internal audit reports tabled by the internal auditors. The internal audit reports contained the audit findings on the production control and management information system functions of two major subsidiaries, audit recommendations provided by the internal auditors and management responses to those findings and recommendations. In addition, internal auditor also reviewed the recurrent related party transaction during the financial year to ensure the adherence of the shareholders mandate dated 31<sup>st</sup> October 2022 which was approved in the previous AGM.
- d. On 28 February 2023 and 26 May 2023 respectively, the Committee also reviewed with the internal auditors, the progress reports on the status of implementation by the Management of the audit recommendations.
- e. On 26 May 2023, the Committee reviewed the Risk Assessment Report tabled by the internal auditors.
- f. On 26 May 2023, the Committee reviewed with the internal auditors, the internal audit plan for the financial year ending 30 June 2024 to ensure adequate coverage of key functional areas and activities of the Group in Malaysia.
- g. On 26 May 2023, the Committee carried out an assessment on the adequacy of the scope, function and effectiveness of the outsourced internal audit function. The Committee concluded that the outsourced internal audit function of the Group has been adequate. With that, the Committee recommended the outsourced internal auditors to the Board for re-appointment for the financial year ending 30 June 2024.

### Internal Audit for subsidiary in Vietnam

- a. On 29 August 2022, the Committee reviewed the internal audit plan in respect of the subsidiary in Vietnam for the financial year ended 30 June 2023 prepared by the in-house internal auditors.
- b. On 29 August 2022, the Committee reviewed the internal audit report for the financial year ended 30 June 2022 consist of major findings on the audited areas, audit recommendations, management responses and the proposed corrective actions as prepared by the in-house internal auditors.
- c. On 26 May 2023, the Committee approved the appointment of BDO Consulting Vietnam Company Limited as the outsourced internal auditor for the subsidiary in Vietnam.
- d. On 26 May 2023, the Committee reviewed the internal audit report of CWFV for the financial year ended 30 June 2023 consist of major findings on the audited areas, audit recommendations, management responses and the proposed corrective actions which was prepared by the in-house internal auditors.

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

- a. On 28 February 2023, the Committee reviewed the follow-up report on the implementation of the adequate procedures in relation to corporate liability provision.

# Audit Committee Report (cont'd)

## SUMMARY OF WORK (CONT'D)

### 5. Related Party Transaction

- a. The Committee reviewed the recurrent related party transactions of revenue or trading nature on quarterly basis during the Committee meetings.
- b. On 29 August 2022, 29 November 2022, 28 February 2023 and 26 May 2023, the Committee reviewed the recurrent related party transactions entered by the respective subsidiaries and ensure that the RRPT amounts are within the threshold in the shareholders mandate.
- c. On 30 September 2022, the Committee reviewed the adequacy of the Group's existing procedures and processes to monitor, track and identify recurrent related party transactions and to form an opinion for inclusion in the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

### 6. Annual Report

- a. On 30 September 2022, the Committee reviewed and recommended the following contents of the annual report for financial year ended 30 June 2022 for the Board approval:
  - i. Statement on Risk Management and Internal Control;
  - ii. Audit Committee Report.

## INTERNAL AUDIT FUNCTION

The Board recognises that an internal audit function is vital in ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. In this respect, the Company had outsourced the internal audit functions to the external professional firm, ie KFF PLT (KFF) in Malaysia and BDO Consulting Vietnam Company Limited (BDO) in Vietnam.

The head of KFF is a qualified practitioner and a member of the Malaysian Institute of Accountants (MIA) and member of Institute of Internal Auditors Malaysia whereas the engagement director of BDO is a fellow member of Associate of Chartered Certified Accountant (ACCA) and member of MIA.

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

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

During the financial year ended 30 June 2023, KFF had reviewed the systems of internal control on production control and management of information system of two subsidiaries in Malaysia and had assisted the Committee in identifying areas for improvements, analyzing the issues and made their recommendations based on risk ratings to ensure adequate and effective systems are in place. The internal auditors had also carried out follow-up reviews of findings reported in prior financial quarters. Additionally, the internal auditors had facilitated the management of the risk assessment exercise and report to the Committee what are the Group's risks and to consider revising the Internal Audit Plan accordingly, if necessary.

BDO had performed a review on production control of the Vietnam subsidiary and the findings and report will be presented to the Committee in the following financial year.

The total cost incurred in managing the internal audit function of the Group for the financial year ended 30 June 2023 was RM 32,264.

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

# Directors' Report

For The Financial Year Ended 30 June 2023

The directors have pleasure in submitting their report with the audited financial statements of the Group and of the Company for the financial year ended **30 June 2023**.

## PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	<b>39,388,531</b>	<b>22,734,473</b>
Attributable to:		
Owners of the Company	<b>39,460,535</b>	<b>22,734,473</b>
Non-controlling interests	<b>(72,004)</b>	<b>-</b>
	<b>39,388,531</b>	<b>22,734,473</b>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **30 June 2023** have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

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

- (i) A single tier second interim dividend of RM0.08 per ordinary share amounting to RM22,916,356 in respect of the financial year ended 30 June 2022 declared on 29 August 2022 and paid on 24 November 2022; and
- (ii) A single tier first interim dividend of RM0.048 per ordinary share amounting to RM13,749,825 in respect of the financial year ended 30 June 2023 declared on 28 February 2023 and paid on 22 May 2023.

On 29 August 2023, the Company has declared a single tier second interim dividend of RM0.0071 per ordinary share amounting to RM2,033,805 in respect of the financial year ended 30 June 2023 and payable on 24 November 2023. The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 30 June 2024.

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

# Directors' Report

For The Financial Year Ended 30 June 2023 (Cont'd)

## RESERVES AND PROVISIONS

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

## SHARE CAPITAL AND DEBENTURE

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

## TREASURY SHARES

During the financial year, the Company repurchased 2,000 units of its issued share capital from the open market for a total consideration of RM3,477. The average price paid for the shares repurchased was RM1.70 per share and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and treated in accordance with the requirements of Section 127 of the Companies Act 2016.

As at 30 June 2023, the Company held 13,081,800 treasury shares out of its total 299,533,168 issued ordinary shares. Further relevant details are disclosed in Note 16 to the financial statements.

## HOLDING COMPANY

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

## DIRECTORS

The directors of the Company in office since the beginning of the financial year to the date of this report are:

### *Directors of the Company:*

**Lim Chien Ch'eng**

\* **Tsai Yung Chuan**

\* **Tsai Chang Hsiu-Hsiang**

\* **Tsai Chia Ling**

**Ang Seng Oo**

**Low Yeaw Seng**

**Datin Sharmin Fazlina Binti Mohd Shukor**

\* **Tsai Cheng Hsun (appointed on 1.7.2022)**

### *Directors of the subsidiaries:*

The directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report, not including those directors listed above, are:

**Chan Moi Moi @ Anna Tjandra**

**Tsai Chia-Wen**

**Teng Chung-Chien**

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



# Directors' Report

For The Financial Year Ended 30 June 2023 (Cont'd)

## DIRECTORS' INTERESTS IN SHARES

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

	----- Number of ordinary shares -----		
	Balance at 1.7.2022	Bought	Sold
			Balance at 30.6.2023
<b>Direct interest:</b>			
Lim Chien Ch'eng	6,019,650	-	-
Tsai Chia Ling	838,400	-	-
<b>Deemed interest:</b>			
<sup>1</sup> Lim Chien Ch'eng	1,765,314	-	-
<sup>2</sup> Tsai Yung Chuan	163,522,346	-	-
<sup>2</sup> Tsai Chia Ling	163,522,346	-	-
<sup>2</sup> Tsai Cheng Hsun	163,522,346	-	-

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

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

By virtue of their shareholdings in the Company, **Mr. Tsai Yung Chuan, Ms. Tsai Chia Ling and Mr. Tsai Cheng Hsun** are also deemed interested in the shares of all the subsidiaries of the Company, to the extent that the Company has interests.

Other than as disclosed above, none of the other directors holding office at the end of the financial year had any interests in shares in the Company and its related corporations during the financial year.

## DIRECTORS' REMUNERATION AND BENEFITS

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

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Directors' fees	360,000	-	360,000
Salaries, allowances and bonus	8,400	5,996,585	6,004,985
EPF	-	277,499	277,499
SOCSO and EIS	-	3,058	3,058
Benefits-in-kind	-	19,500	19,500
	<b>368,400</b>	<b>6,296,642</b>	<b>6,665,042</b>

# Directors' Report

For The Financial Year Ended 30 June 2023 (Cont'd)

## DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of insurance premium paid for professional indemnity for the directors and officers of the Company during the financial year is RM13,255.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that were no bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of the business had been written down to an amount which they might be expected so to realise.

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

- (i) which would render it necessary to write off any bad debts or amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

# Directors' Report

For The Financial Year Ended 30 June 2023 (Cont'd)

## OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the directors:

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

## AUDITORS

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

The total amount of fees paid to or receivable by the auditors as remuneration for their services to the Group and the Company for the financial year ended 30 June 2023 are as follows:

	GROUP RM	COMPANY RM
Statutory audit	117,000	38,000
Assurance related services	2,000	2,000
Total	<u>119,000</u>	<u>40,000</u>

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

---

**Tsai Yung Chuan**

**Penang,**

**Date: 5 October 2023**

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**Tsai Chang Hsiu-Hsiang**

# Directors' Statement

In the opinion of the directors, the financial statements set out on pages 57 to 125 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **30 June 2023** and of their financial performance and cash flows for the financial year then ended.

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

---

**Tsai Yung Chuan**

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**Tsai Chang Hsiu-Hsiang**

**Date: 5 October 2023**

## Statutory Declaration

I, **Tsai Chang Hsiu-Hsiang**, the director primarily responsible for the financial management of **Chin Well Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 57 to 125 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at Penang, this **5th** )  
day of **October 2023**. )

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**Tsai Chang Hsiu-Hsiang**

**Before me,**

---

**Goh Suan Bee**  
**No.P125**  
**Commissioner for Oaths**

# Independent Auditors' Report

To The Members Of Chin Well Holdings Berhad  
Registration No. 199501042347 (371551-T)  
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Chin Well Holdings Berhad**, which comprise the statements of financial position as at **30 June 2023** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 57 to 125.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at **30 June 2023** and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("*By-Laws*") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("*IESBA Code*"), and we have fulfilled our other ethical responsibilities in accordance with the *By-Laws* and the *IESBA Code*.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditors' Report

To The Members Of Chin Well Holdings Berhad  
Registration No. 199501042347 (371551-T) (cont'd)  
(Incorporated in Malaysia)

## Key Audit Matters (cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Valuation of inventories</b> (Note 10 to the financial statements)</p> <p>The Group holds significant amount of inventories as at 30 June 2023 which exposes the Group to a risk that the inventories may become slow moving or obsolete and eventually non-saleable or selling below their carrying amount.</p> <p>The Group measures inventories at the lower of cost and net realisable value. Identifying and determining the appropriate write down of the inventories to net realisable value required judgement by the Group.</p> <p>We focused on this area as it involves estimation uncertainty by the management in determining the accuracy of inventories written down and in assessing the adequacy of inventories not stated at the lower of cost and net realisable value.</p>	<p>Our audit procedures in relation to the valuation of inventories included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of: <ul style="list-style-type: none"> <li>- the Group's inventory management process;</li> <li>- how the Group identifies and assesses inventories write-downs; and</li> <li>- how the Group makes the accounting estimates for inventories write downs.</li> </ul> </li> <li>• Attended the year end physical inventory counts and paid attention to the physical condition of the inventories;</li> <li>• Reviewed the costing method used by the Group and whether it is consistent with prior year;</li> <li>• Reviewed the consistency of the application of management's methodology in determining and estimating the inventories written down from year to year;</li> <li>• Reviewed and tested the net realisable value of inventories on a sampling basis; and</li> <li>• Evaluated the reasonableness and adequacy of the inventories written down recognised for identified exposures.</li> </ul>
<p><b>Revenue recognition</b> (Note 23 to the financial statements)</p> <p>The Group's revenue is mainly derived from the manufacturing of fastening products and wire products.</p> <p>We focus on this area due to the magnitude and voluminous transactions which may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.</p>	<p>Our audit procedures in relation to the revenue recognition included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the Group's revenue recognition process and application and thereafter tested controls on the occurrence of revenue;</li> <li>• Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities;</li> <li>• Performed substantive testing on a sampling basis to verify that revenue recognition criteria was properly applied by checking to the documents which evidenced the delivery of goods to the customers;</li> <li>• Assessed whether revenue was recognised in the correct period by testing cut-off through assessing sales transactions taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date; and</li> <li>• Reviewed the sales ledger to identify any sales transactions that were entered using journals or non-sales invoices references and evaluated the nature of the transactions to determine whether they were <i>bona fide</i> transactions.</li> </ul>

There is no key audit matters to be communicated in the audit of the separate financial statements of the Company.

# Independent Auditors' Report

To The Members Of Chin Well Holdings Berhad  
Registration No. 199501042347 (371551-T) (cont'd)  
(Incorporated in Malaysia)

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.



# Independent Auditors' Report

To The Members Of Chin Well Holdings Berhad  
Registration No. 199501042347 (371551-T) (cont'd)  
(Incorporated in Malaysia)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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

## Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Loo Wei Teng**  
**No. 03487/03/2024 J**  
**Chartered Accountant**

**Penang**

**Date: 5 October 2023**

# Statements Of Financial Position

As At 30 June 2023

		GROUP		COMPANY	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	136,960,303	140,842,596	1	1
Investment properties	5	67,164,078	67,332,996	-	-
Right-of-use assets	6	588,352	458,527	-	-
Investment in subsidiaries	7	-	-	263,051,296	263,051,296
Amount due from subsidiaries	8	-	-	-	1,199,650
Deferred tax assets	9	-	143,370	-	-
		<u>204,712,733</u>	<u>208,777,489</u>	<u>263,051,297</u>	<u>264,250,947</u>
<b>Current assets</b>					
Inventories	10	291,731,543	338,848,171	-	-
Trade receivables	11	49,184,526	102,200,951	-	-
Other receivables, deposits and prepayments	12	10,424,563	16,908,183	4,500	4,500
Amount due from subsidiaries	8	-	-	4,476,019	12,685,114
Current tax assets		7,837,736	3,273,758	144,149	109,166
Other investments	13	67,154,171	-	8,677,917	-
Cash and bank balances	14	129,830,195	127,451,155	6,846,852	13,237,171
		<u>556,162,734</u>	<u>588,682,218</u>	<u>20,149,437</u>	<u>26,035,951</u>
<b>TOTAL ASSETS</b>		<u>760,875,467</u>	<u>797,459,707</u>	<u>283,200,734</u>	<u>290,286,898</u>
<b>EQUITY AND LIABILITIES</b>					
Share capital	15	177,929,384	177,929,384	177,929,384	177,929,384
Treasury shares	16	(18,883,923)	(18,880,446)	(18,883,923)	(18,880,446)
Foreign currency translation reserve	17	23,743,821	11,341,822	-	-
Retained profits	18	497,579,119	494,784,765	116,946,896	130,878,604
		<u>680,368,401</u>	<u>665,175,525</u>	<u>275,992,357</u>	<u>289,927,542</u>
Non-controlling interests		1,979,971	2,051,975	-	-
<b>Total equity</b>		<u>682,348,372</u>	<u>667,227,500</u>	<u>275,992,357</u>	<u>289,927,542</u>
<b>Non-current liabilities</b>					
Lease liabilities	6	465,948	218,755	-	-
Deferred tax liabilities	9	8,985,417	8,468,995	-	-
		<u>9,451,365</u>	<u>8,687,750</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	19	18,098,738	23,449,611	-	-
Other payables and accruals	20	41,816,996	47,664,296	401,345	359,356
Borrowings	21	5,427,342	37,825,247	-	-
Contract liabilities	22	1,504,564	2,435,143	-	-
Amount due to a subsidiary	8	-	-	6,807,032	-
Lease liabilities	6	124,221	274,895	-	-
Current tax liabilities		2,103,869	9,895,265	-	-
		<u>69,075,730</u>	<u>121,544,457</u>	<u>7,208,377</u>	<u>359,356</u>
<b>Total liabilities</b>		<u>78,527,095</u>	<u>130,232,207</u>	<u>7,208,377</u>	<u>359,356</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>760,875,467</u>	<u>797,459,707</u>	<u>283,200,734</u>	<u>290,286,898</u>

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

# Statements Of Comprehensive Income

For The Financial Year Ended 30 June 2023

		GROUP		COMPANY	
	NOTE	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	456,452,038	657,837,565	22,231,992	15,835,537
Cost of sales		(386,145,187)	(502,528,969)	-	-
<b>Gross profit</b>		<b>70,306,851</b>	155,308,596	<b>22,231,992</b>	15,835,537
Other income	24	7,389,643	5,775,504	1,068,891	310,823
Administrative expenses		(23,431,939)	(23,855,415)	(679,799)	(864,025)
Selling and distribution expenses		(7,040,048)	(15,881,650)	-	-
<b>Operating profit</b>		<b>47,224,507</b>	121,347,035	<b>22,621,084</b>	15,282,335
Finance costs	25	(445,146)	(874,333)	-	-
Finance income	26	5,500,653	1,732,911	267,275	399,745
<b>Profit before tax</b>	27	<b>52,280,014</b>	122,205,613	<b>22,888,359</b>	15,682,080
Taxation	28	(12,891,483)	(26,248,898)	(153,886)	(74,577)
<b>Profit for the financial year</b>		<b>39,388,531</b>	95,956,715	<b>22,734,473</b>	15,607,503
<b>Other comprehensive income, net of tax:</b>					
<b>Item that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operations		12,401,999	9,396,232	-	-
<b>Total comprehensive income for the financial year</b>		<b>51,790,530</b>	105,352,947	<b>22,734,473</b>	15,607,503
<b>Profit attributable to:</b>					
Owners of the Company		39,460,535	95,988,597	22,734,473	15,607,503
Non-controlling interests		(72,004)	(31,882)	-	-
		<b>39,388,531</b>	95,956,715	<b>22,734,473</b>	15,607,503
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		51,862,534	105,384,829	22,734,473	15,607,503
Non-controlling interests		(72,004)	(31,882)	-	-
		<b>51,790,530</b>	105,352,947	<b>22,734,473</b>	15,607,503
<b>Earnings per share attributable to owners of the Company (sen)</b>					
- Basic/Diluted	29	13.78	33.51		

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

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 30 June 2023

NOTE	Attributable to owners of the Company					
	Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Retained Profits RM	Non-controlling Interests RM	Total Equity RM
<b>2023</b>						
	177,929,384	(18,880,446)	11,341,822	494,784,765	2,051,975	667,227,500
Balance at beginning						
Total comprehensive income for the financial year	-	-	12,401,999	39,460,535	(72,004)	51,790,530
<b>Transactions with owners of the Company:</b>						
Dividends	-	-	-	(36,666,181)	-	(36,666,181)
Purchase of treasury shares	-	(3,477)	-	-	-	(3,477)
Total transactions with owners of the Company	-	(3,477)	-	(36,666,181)	-	(36,669,658)
Balance at end	177,929,384	(18,883,923)	23,743,821	497,579,119	1,979,971	682,348,372
<b>2022</b>						
	177,929,384	(18,865,126)	1,945,590	419,421,171	-	580,431,019
Balance at beginning						
Total comprehensive income for the financial year	-	-	9,396,232	95,988,597	(31,882)	105,352,947
<b>Transactions with owners of the Company:</b>						
Dividends	-	-	-	-	2,083,857	2,083,857
Purchase of treasury shares	-	(15,320)	-	(20,625,003)	-	(20,625,003)
Total transactions with owners of the Company	-	(15,320)	-	(20,625,003)	-	(15,320)
Balance at end	177,929,384	(18,880,446)	11,341,822	494,784,765	2,051,975	667,227,500

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

# Statement Of Changes In Equity

For The Financial Year Ended 30 June 2023

		----- Distributable -----			
		Share Capital	Treasury Shares	Retained Profits	Total Equity
	NOTE	RM	RM	RM	RM
2023					
Balance at beginning		177,929,384	(18,880,446)	130,878,604	289,927,542
Total comprehensive income for the financial year		-	-	22,734,473	22,734,473
<i>Transactions with owners of the Company:</i>					
Dividends	30	-	-	(36,666,181)	(36,666,181)
Purchase of treasury shares	16	-	(3,477)	-	(3,477)
Total transactions with owners of the Company		-	(3,477)	(36,666,181)	(36,669,658)
Balance at end		177,929,384	(18,883,923)	116,946,896	275,992,357
2022					
Balance at beginning		177,929,384	(18,865,126)	135,896,104	294,960,362
Total comprehensive income for the financial year		-	-	15,607,503	15,607,503
<i>Transactions with owners of the Company:</i>					
Dividends	30	-	-	(20,625,003)	(20,625,003)
Purchase of treasury shares	16	-	(15,320)	-	(15,320)
Total transactions with owners		-	(15,320)	(20,625,003)	(20,640,323)
Balance at end		177,929,384	(18,880,446)	130,878,604	289,927,542

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

# Statements Of Cash Flows

For The Financial Year Ended 30 June 2023

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	52,280,014	122,205,613	22,888,359	15,682,080
Adjustments for:				
Accretion of interest on lease liabilities	25,991	43,128	-	-
Allowance for expected credit losses on trade receivables				
- Addition	408,908	239,634	-	-
- Reversal	(34,286)	(2,021,979)	-	-
Depreciation of:				
- property, plant and equipment	12,971,463	13,062,887	-	-
- investment properties	168,918	88,392	-	-
- right-of-use assets	262,585	262,015	-	-
Dividend income	-	-	(22,231,992)	(15,835,537)
Distribution income	(492,032)	-	(312,122)	-
Gain on derecognition of right-of-use assets and lease liabilities	(21,882)	-	-	-
(Gain)/Loss on disposal of property, plant and equipment	(90,057)	70,047	-	-
Interest expenses	419,155	831,205	-	-
Interest income	(5,500,653)	(1,732,911)	(267,275)	(399,745)
Inventories written down				
- Addition	561,117	-	-	-
- Reversal	-	(1,924,009)	-	-
Net fair value (gain)/loss on short term funds with licensed financial institutions	(502,378)	-	88,029	-
Property, plant and equipment expensed off	-	11,197,968	-	-
Property, plant and equipment written off	85,252	4	-	-
Reversal of unwinding discount on financial assets	-	(2,618,282)	-	(220,233)
Unrealised (gain)/loss on foreign exchange	(1,748,344)	782,471	(699,769)	-
Operating profit/(loss) before working capital changes	58,793,771	140,486,183	(534,770)	(773,435)
Changes in:				
Inventories	52,210,971	(5,087,077)	-	-
Receivables	59,867,299	18,711,582	-	-
Payables	(12,104,042)	(23,793,359)	41,989	60,013
Contract liabilities	(931,401)	1,456,868	-	-
Cash generated from/(used in) operations	157,836,598	131,774,197	(492,781)	(713,422)
Interest paid	(419,155)	(831,205)	-	-
Income tax paid	(24,703,194)	(14,617,540)	(188,869)	(133,752)
Net cash from/(used in) operating activities	132,714,249	116,325,452	(681,650)	(847,174)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	5,500,653	1,732,911	166,641	161,835
Dividends received from subsidiaries	-	-	22,231,992	15,835,537
Placement of other investments	(65,826,934)	-	(8,453,824)	-
Proceeds from disposal of property, plant and equipment	90,410	61,900	-	-
Purchase of property, plant and equipment	(6,731,734)	(4,947,491)	-	-
Net changes in fixed deposits with licensed banks	(27,914,297)	1,891,180	-	-
Net cash inflow arising from acquisition of subsidiaries	-	10,318	-	-
Net cash (used in)/from investing activities	(94,881,902)	(1,251,182)	13,944,809	15,997,372
Balance carried forward	37,832,347	115,074,270	13,263,159	15,150,198

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

# Statements Of Cash Flows

For The Financial Year Ended 30 June 2023 (Cont'd)

	NOTE	GROUP		COMPANY	
		2023 RM	2022 RM	2023 RM	2022 RM
Balance brought forward		37,832,347	115,074,270	13,263,159	15,150,198
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		(36,666,181)	(20,625,003)	(36,666,181)	(20,625,003)
Purchase of treasury shares		(3,477)	(15,320)	(3,477)	(15,320)
Net changes in bankers' acceptance	A	-	(1,354,045)	-	-
Net changes in onshore foreign currency loans	A	(27,221,139)	(43,344,671)	-	-
Net changes in short term loans	A	(10,486,052)	(7,825,845)	-	-
Net changes in trust receipts	A	5,427,342	-	-	-
Repayment of lease liabilities	A	(300,000)	(300,000)	-	-
Net changes in subsidiaries' balances	A	-	-	16,410,000	7,446,835
Net cash used in financing activities		(69,249,507)	(73,464,884)	(20,259,658)	(13,193,488)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>					
		(31,417,160)	41,609,386	(6,996,499)	1,956,710
Effects of foreign exchange rates changes		3,461,389	740,044	606,180	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>					
		102,446,430	60,097,000	13,237,171	11,280,461
<b>CASH AND CASH EQUIVALENTS AT END</b>					
		74,490,659	102,446,430	6,846,852	13,237,171
<b>Represented by:</b>					
Fixed deposits with licensed banks		62,466,838	35,399,735	-	-
Short term money market deposits		17,639,847	15,519,973	2,129,581	794,175
Short term funds with licensed financial institutions		-	9,347,267	-	6,043,861
Cash in hand and at banks		49,723,510	67,184,180	4,717,271	6,399,135
		129,830,195	127,451,155	6,846,852	13,237,171
Less: Fixed deposits with maturity more than three months		(55,339,536)	(25,004,725)	-	-
		74,490,659	102,446,430	6,846,852	13,237,171

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



# Statements Of Cash Flows

For The Financial Year Ended 30 June 2023 (Cont'd)

## A. Reconciliation of liabilities arising from financing activities

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

	Balance at beginning RM	Net cash flows RM	Others <sup>1</sup> RM	Balance at end RM
<b>GROUP</b>				
<b>2023</b>				
Borrowings	37,825,247	(32,279,849)	(118,056)	5,427,342
Lease liabilities	493,650	(300,000)	396,519	590,169
Total liabilities arising from financing activities	<b>38,318,897</b>	<b>(32,579,849)</b>	<b>278,463</b>	<b>6,017,511</b>
<b>2022</b>				
Borrowings	89,357,045	(52,524,561)	992,763	37,825,247
Lease liabilities	750,522	(300,000)	43,128	493,650
Total liabilities arising from financing activities	<b>90,107,567</b>	<b>(52,824,561)</b>	<b>1,035,891</b>	<b>38,318,897</b>
<b>COMPANY</b>				
<b>2023</b>				
Net amount due (from)/to subsidiaries, representing total liabilities arising from financing activities	<b>(13,884,764)</b>	<b>16,410,000</b>	<b>(194,223)</b>	<b>2,331,013</b>
<b>2022</b>				
Net amount due from subsidiaries, representing total liabilities arising from financing activities	<b>(20,873,456)</b>	<b>7,446,835</b>	<b>(458,143)</b>	<b>(13,884,764)</b>

<sup>1</sup> Others consist of non-cash movement as follows:

	<b>GROUP</b>		<b>COMPANY</b>	
	2023 RM	2022 RM	2023 RM	2022 RM
Accretion of interest on lease liabilities	25,991	43,128	-	-
Additions of lease liabilities	585,463	-	-	-
Derecognition of lease liabilities	(214,935)	-	-	-
Interest income from amount due from a subsidiary	-	-	(100,634)	(237,910)
Reversal of unwinding discount on financial assets	-	-	-	(220,233)
Unrealised (gain)/loss on foreign exchange	(151,856)	247,328	(93,589)	-
Exchange differences	33,800	745,435	-	-
	<b>278,463</b>	<b>1,035,891</b>	<b>(194,223)</b>	<b>(458,143)</b>

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

# Notes To The Financial Statements

30 June 2023

## 1. CORPORATE INFORMATION

### General

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

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 October 2023.

### Principal Activities

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

The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

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

### 2.2 Basis of Measurement

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

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

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and by the Company.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of Measurement (cont'd)

#### Fair Value Measurement (cont'd)

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

### 2.3 Functional and Presentation Currency

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

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

### 2.4 Adoption of Amendments/Improvements to MFRSs

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

#### **Effective for annual periods beginning on or after 1 January 2022**

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

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

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

*Annual Improvements to MFRS Standards 2018 - 2020*

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Standards Issued But Not Yet Effective

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

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

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information*

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

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

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

*Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules*

#### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants*

*Amendments to MFRS 7 Financial Instruments: Disclosures and MFRS 107 Statement of Cash Flows - Supplier Finance Arrangements*

#### **Effective for annual period beginning on or after 1 January 2025**

*Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

#### **Effective date yet to be confirmed**

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

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

### 2.6 Significant Accounting Estimates and Judgements

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

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

#### 2.6.1 Judgements made in applying accounting policies

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (cont'd)

#### 2.6.1 Judgements made in applying accounting policies (cont'd)

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

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

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

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

#### 2.6.2 Key sources of estimation uncertainty

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

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

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

##### (ii) **Inventories**

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

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 10 to the financial statements.

##### (iii) **Provision for expected credit losses ("ECL") of receivables**

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 Significant Accounting Estimates and Judgements (cont'd)

#### 2.6.2 Key sources of estimation uncertainty (cont'd)

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

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

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

The information about the ECL on the Group's trade receivables is disclosed in Note 34.3.1 to the financial statements.

##### (iv) Leases - Estimating the incremental borrowing rate

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

## 3. ACCOUNTING POLICIES

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

### 3.1 Consolidation

#### (i) Subsidiaries

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.1 Consolidation (cont'd)

#### (i) Subsidiaries (cont'd)

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

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

#### (ii) Basis of consolidation

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

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

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

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

#### (iii) Business combination

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

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

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

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



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.1 Basis of Consolidation (cont'd)

#### (iii) Business combination (cont'd)

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

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

#### (iv) Acquisitions of non-controlling interests

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

#### (v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a fair value through other comprehensive income depending on the level of influenced retained.

#### (vi) Non-controlling interests

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

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

#### (vii) Transactions eliminated on consolidation

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

Unrealised profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.2 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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

Leasehold land	Amortise over its lease period of 43 to 60 years
Buildings	2% - 20%
Plant and machinery	3.33% - 20%
Tools and implements	6.67% - 20%
Office equipment	12.50% - 20%
Furniture and fittings	10% - 20%
Electrical installation	10% - 20%
Motor vehicles	10% - 20%

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

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

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

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

### 3.3 Investment Properties

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

Investment properties are initially measured at cost, including transaction costs. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.3 Investment Properties (cont'd)

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

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

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

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

### 3.4 Leases

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

#### As a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities for lease payments made and/or to be made, and right-of-use assets representing the right to use the underlying assets.

#### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Forklifts

4 to 5 years

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.4 Leases (cont'd)

#### (ii) Lease liabilities

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### (iii) Short term leases and leases of low-value assets

The Group applies the short-term lease and leases of low-value assets recognition exemption to its short-term leases of motor vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### As a lessor

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

### 3.5 Impairment of Non-Financial Assets

The Group and the Company assess at the end of each reporting period whether there is an indication that an asset may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.5 Impairment of Non-Financial Assets (cont'd)

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

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

### 3.6 Financial Instruments

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

#### 3.6.1 Financial assets

##### (i) Initial recognition and measurement

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

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

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

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (ii) Subsequent measurement

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

- Financial assets at AC (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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

##### Financial assets at AC

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

##### Financial assets at FVTPL

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

This category includes derivative instruments which the Group and the Company had not irrevocably elected to classify at FVOCI. Distribution incomes are recognised as other income in the statements of comprehensive income when the right of payment has been established.

The Group's and the Company's financial assets at FVTPL includes investment in short term funds.

##### (iii) Derecognition

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (iii) Derecognition (cont'd)

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

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

##### (iv) Impairment

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

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

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

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

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

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



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments (cont'd)

#### 3.6.1 Financial assets (cont'd)

##### (iv) Impairment (cont'd)

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

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

#### 3.6.2 Financial liabilities

##### (i) Initial recognition and measurement

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

The Group's and the Company's financial liabilities include trade payables, other payables and accruals, borrowings and amount due to a subsidiary.

##### (ii) Subsequent measurement

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

- Financial liabilities at AC
- Financial liabilities at FVTPL

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

##### Financial liabilities at AC

This is the category most relevant to the Group and to the Company. After initial recognition, trade payables, other payables, borrowings and amount due to a subsidiary are subsequently measured at AC using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. AC is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

##### (iii) Derecognition

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.6 Financial Instruments (cont'd)

#### 3.6.3 Offsetting of financial instruments

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

#### 3.6.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

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

### 3.7 Inventories

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

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

The cost of finished goods and work-in-progress includes raw materials, direct labour and attributable production overheads.

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

### 3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

### 3.9 Provisions

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.10 Borrowing Costs

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

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

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

### 3.11 Revenue Recognition

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

The performance obligations to recognise revenue are as follows:

(i) **Revenue from sale of goods**

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

(ii) **Interest income**

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

(iii) **Rental income**

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

(iv) **Dividend income**

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

(v) **Distribution income**

Distribution income is recognised when the Group's and the Company's right to receive payment is established.

(vi) **Contract balances**

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.11 Revenue Recognition (cont'd)

#### (vi) Contract balances (cont'd)

##### ***Trade receivables***

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

##### ***Contract liabilities***

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

#### (vii) Variable consideration

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

##### ***Volume rebates***

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

### 3.12 Employee Benefits

#### **Short term benefits**

Wages, salaries, bonuses, social security contributions ("SOCSO") and employment insurance ("EIS") are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.12 Employee Benefits (cont'd)

#### Defined contribution plans

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

### 3.13 Income Tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

### 3.14 Value-added Tax ("VAT")

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

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.15 Foreign Currency

#### Foreign currency transactions

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

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

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

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

#### Foreign operations

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

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

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

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

### 3.16 Operating Segments

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

### 3.17 Share Capital, Share Issuance Costs and Dividends

#### Classification

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 3. ACCOUNTING POLICIES (CONT'D)

### 3.17 Share Capital, Share Issuance Costs and Dividends (cont'd)

#### Share issuance costs

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

#### Dividends

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

### 3.18 Contingencies

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

### 3.19 Treasury Shares

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

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

### 3.20 Related Parties

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

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

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

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

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



## Notes To The Financial Statements

### 30 June 2023 (Cont'd)

## PROPERTY, PLANT AND EQUIPMENT GROUP

2023

**At cost**

Balance at beginning	133,741	32,640,152	104,702,004	308,114,714	23,417,871	11,678,923	560,132	3,368,357	4,461,447	1,099,221	490,176,562
Additions	-	-	2,796,826	2,139,320	68,839	112,830	2,500	-	364,000	1,247,419	6,731,734
Disposals	-	-	-	-	-	(5,340)	-	-	(295,000)	-	(300,340)
Written offs	-	-	(125,700)	(1,750,729)	-	(1,066,550)	-	-	-	-	(2,942,979)
Reclassification	-	-	97,502	432,000	-	-	-	-	-	(529,502)	-
Exchange differences	-	662,553	2,453,211	6,297,840	604,163	86,310	-	-	72,196	27,829	10,204,102
Balance at end	133,741	33,302,705	109,923,843	315,233,145	24,090,873	10,806,173	562,632	3,368,357	4,602,643	1,844,967	503,869,079

**Accumulated depreciation**

[illegible]

# Notes To The Financial Statements

30 June 2023 (Cont'd)

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

### GROUP (CONT'D)

2022	Freehold land RM	Leasehold land RM	Buildings RM	Plant and machinery RM	Tools and implements RM	Office equipment RM	Furniture and fittings RM	Electrical installation RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At cost											
Balance at beginning	133,741	31,975,077	101,977,084	300,026,553	22,812,192	11,531,119	560,132	3,004,707	4,347,434	10,747,490	487,115,529
Additions	-	-	302,790	2,532,720	2,000	56,347	-	363,650	42,768	1,647,216	4,947,491
Disposals	-	-	-	(777,489)	-	(2,400)	-	-	-	-	(779,889)
Written offs	-	-	-	(398,500)	-	(36,219)	-	-	-	-	(434,719)
Expensed off	-	-	-	-	-	-	-	-	-	(11,197,968)	(11,197,968)
Reclassification	-	-	-	425,337	-	-	-	-	-	(425,337)	-
Exchange differences	-	665,075	2,422,130	6,306,093	603,679	130,076	-	-	71,245	327,820	10,526,118
Balance at end	133,741	32,640,152	104,702,004	308,114,714	23,417,871	11,678,923	560,132	3,368,357	4,461,447	1,099,221	490,176,562
Accumulated depreciation											
Balance at beginning	-	11,129,503	39,315,676	243,569,675	21,636,228	7,425,330	524,508	2,598,822	3,694,028	-	329,893,770
Current charge	-	360,743	2,591,796	8,264,865	412,250	1,326,828	4,028	72,882	29,495	-	13,062,887
Disposals	-	-	-	(646,462)	-	(1,480)	-	-	-	-	(647,942)
Written offs	-	-	-	(398,496)	-	(36,219)	-	-	-	-	(434,715)
Exchange differences	-	212,698	970,103	5,535,064	579,666	114,758	-	-	47,677	-	7,459,966
Balance at end	-	11,702,944	42,877,575	256,324,646	22,628,144	8,829,217	528,536	2,671,704	3,771,200	-	349,333,966
Carrying amount	133,741	20,937,208	61,824,429	51,790,068	789,727	2,849,706	31,596	696,653	690,247	1,099,221	140,842,596

# Notes To The Financial Statements

30 June 2023 (Cont'd)

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

### COMPANY

	Office equipment	
	2023	2022
	RM	RM
<b>At cost</b>	<b>1,600</b>	<b>1,600</b>
<b>Accumulated depreciation</b>	<b>1,599</b>	<b>1,599</b>
<b>Carrying amount</b>	<b>1</b>	<b>1</b>

The information of right-of-use assets which are included in the property, plant and equipment is as follows:

	Carrying amount RM	Current depreciation RM	Exchange differences RM
<b>2023</b>			
Leasehold land	<b>20,381,770</b>	<b>(978,139)</b>	<b>422,701</b>
<b>2022</b>			
Leasehold land	<b>20,937,208</b>	<b>(360,743)</b>	<b>452,377</b>

## 5. INVESTMENT PROPERTIES

	Freehold land RM	Buildings RM	Total RM
<b>GROUP</b>			
<b>2023</b>			
<b>At cost</b>			
Balance at beginning/end	<b>64,937,240</b>	<b>4,419,607</b>	<b>69,356,847</b>
<b>Accumulated depreciation</b>			
Balance at beginning	-	<b>2,023,851</b>	<b>2,023,851</b>
Current charge	-	<b>168,918</b>	<b>168,918</b>
Balance at end	-	<b>2,192,769</b>	<b>2,192,769</b>
<b>Carrying amount</b>	<b>64,937,240</b>	<b>2,226,838</b>	<b>67,164,078</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 5. INVESTMENT PROPERTIES (CONT'D)

	Freehold land RM	Buildings RM	Total RM
2022			
At cost			
Balance at beginning	2,856,710	4,419,607	7,276,317
Arising from acquisition of subsidiaries	62,080,530	-	62,080,530
Balance at end	64,937,240	4,419,607	69,356,847
Accumulated depreciation			
Balance at beginning	-	1,935,459	1,935,459
Current charge	-	88,392	88,392
Balance at end	-	2,023,851	2,023,851
Carrying amount	64,937,240	2,395,756	67,332,996

### Group as lessor

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

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

	GROUP	
	2023 RM	2022 RM
Rental income from income generating properties	707,400	622,250
Direct operating expenses:		
- Rental income generating	224,417	160,072
- Non-rental income generating	110,996	215,509

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

	GROUP	
	2023 RM	2022 RM
Within one year	899,800	512,400
More than one year and less than five years	630,600	97,000
	1,530,400	609,400

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### Group as lessee

The Group has several lease contracts for forklifts used in its operations that has lease term of four years, with an option to extend the lease for one year. At the commencement of lease, the Group has assessed that it is reasonably certain to exercise the extension option. Generally, the Group is restricted from assigning and subleasing the leased asset.

The Group also has certain leases of motor vehicle and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. Such lease payments are charged to profit or loss on the straight-line basis over the lease term.

### Right-of-use assets

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

	Forklifts	
	2023 RM	2022 RM
Balance at beginning	458,527	720,542
Additions	585,463	-
Depreciation	(262,585)	(262,015)
Derecognition	(193,053)	-
	<u>588,352</u>	<u>458,527</u>

### Lease liabilities

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

	Forklifts	
	2023 RM	2022 RM
Balance at beginning	493,650	750,522
Additions	585,463	-
Accretion of interest	25,991	43,128
Payments	(300,000)	(300,000)
Derecognition	(214,935)	-
	<u>590,169</u>	<u>493,650</u>
Balance at end	<u>590,169</u>	<u>493,650</u>
Represented by:		
Non-current	465,948	218,755
Current	124,221	274,895
	<u>590,169</u>	<u>493,650</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

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

### *Lease liability (cont'd)*

The maturity analysis of lease liabilities is disclosed in Note 34.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	<b>GROUP</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Depreciation expense of right-of-use assets	<b>262,585</b>	262,015
Gain on derecognition of right-of-use assets and lease liabilities	<b>(21,882)</b>	-
Accretion of interest on lease liability	<b>25,991</b>	43,128
Expenses relating to lease of low value assets	<b>6,688</b>	6,396
Expenses relating to short-term leases	<b>256,440</b>	279,520
<b>Total amount recognised in profit or loss</b>	<b>529,822</b>	591,059
<b>Total cash outflows for leases</b>	<b>563,128</b>	585,916

## 7. INVESTMENT IN SUBSIDIARIES

	<b>COMPANY</b>	
	<b>2023</b>	2022
	<b>RM</b>	RM
Unquoted shares, at cost	<b>221,551,296</b>	221,551,296
Unquoted non-cumulative redeemable preference shares, at cost	<b>41,500,000</b>	41,500,000
	<b>263,051,296</b>	263,051,296

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Subsidiaries	Effective Equity Interest		Principal Activities
	2023 %	2022 %	
Chin Well Fasteners Co. Sdn. Bhd.	100	100	Manufacturing of screw, nuts, bolts and other fastening products.
Chin Well Service Centre Sdn. Bhd. ("CWSC")	100	100	Trading in screws, nuts, bolts, steel bar and other fastening products.
Chin Herr Industries (M) Sdn. Bhd.	100	100	Manufacturing of precision galvanised wire, annealing wire, bright wire, hard drawn wire, PVC wire, bent round bar and grill mesh.
* Chin Well Fasteners (Vietnam) Co., Ltd. (Incorporated and principal place of business in Vietnam)	100	100	Manufacturing of screws, nuts, bolts and other fastening products.
# Asia Angel Holdings Limited (Incorporated and principal place of business in British Virgin Island)	100	100	Investment holding.
<b>Indirect held through CWSC</b>			
Jadi Raya Development Sdn. Bhd. ("Jadi")	45	45	Property investment.
NBH Realty Sdn. Bhd. ("NBH")	45	45	Property investment.

\* Not audited by Grant Thornton Malaysia PLT.

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

Although the Group owns less than half of the equity interest and the voting power of Jadi and NBH, the directors have determined that the Group controls these two entities. The Group has the control over Jadi and NBH, on the basis that the remaining voting rights are owned by the companies in which certain directors of the Company have substantial financial interests and the Group has the current ability to direct the two entities activities that most significantly affect their returns. Consequently, the Group consolidates its investment in the two entities.

### 7.1 Acquisition of subsidiaries

2022

On 7 February 2022, CWSC, a wholly-owned subsidiary of the Company, had subscribed 45,000 ordinary shares in Jadi and NBH respectively, representing 45% equity interests in Jadi and NBH by way of converting amount due from CWSC of RM1,785,494.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

### 7.2 Subsidiaries with material non-controlling interests ("NCI")

The details of the material NCI are as follows:

	Jadi	NBH	Total
<b>2023</b>			
NCI percentage of ownership interest and voting interest (%)	55	55	
Carrying amount of NCI (RM)	<u>27,900</u>	<u>1,952,071</u>	<u>1,979,971</u>
Loss allocated to NCI (RM)	<u>(30,167)</u>	<u>(41,837)</u>	<u>(72,004)</u>
<b>2022</b>			
NCI percentage of ownership interest and voting interest (%)	55	55	
Carrying amount of NCI (RM)	<u>58,067</u>	<u>1,993,908</u>	<u>2,051,975</u>
Loss allocated to NCI (RM)	<u>(9,063)</u>	<u>(22,819)</u>	<u>(31,882)</u>

The summarised financial information of material NCI presented below is the amount before inter-company elimination:

	Jadi RM	NBH RM
<b>2023</b>		
<b>Assets and liabilities</b>		
Non-current asset	17,000,000	45,000,000
Current asset	41,788	34,984
Non-current liabilities	-	(436,422)
Current liabilities	<u>(16,991,061)</u>	<u>(41,049,341)</u>
Net assets	<u>50,727</u>	<u>3,549,221</u>
<b>Results</b>		
Net loss, representing total comprehensive loss for the financial period	<u>(54,849)</u>	<u>(76,067)</u>
Net cash (used in)/generated from:		
Operating activities	(54,849)	(76,067)
Financing activities	<u>80,964</u>	<u>82,303</u>
Net change in cash and bank balances	<u>26,115</u>	<u>6,236</u>



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 7. INVESTMENT IN SUBSIDIARIES (CONT'D)

### 7.2 Subsidiaries with material non-controlling interests ("NCI") (cont'd)

	Jadi RM	NBH RM
2022		
Assets and liabilities		
Non-current asset	17,000,000	45,000,000
Current asset	15,676	28,751
Non-current liabilities	-	(436,422)
Current liabilities	(16,910,100)	(40,967,041)
Net assets	<u>105,576</u>	<u>3,625,288</u>
Results		
Net loss, representing total comprehensive loss for the financial period	<u>(113,352)</u>	<u>(123,561)</u>
Net cash (used in)/generated from:		
Operating activities	(130,597)	(130,904)
Financing activities	<u>145,963</u>	<u>149,635</u>
Net change in cash and bank balances	<u>15,366</u>	<u>18,731</u>

## 8. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2023 RM	2022 RM
<b>Due from:</b>		
<b>Non-current</b>		
- Interest bearing at <b>2.30%</b> (2022: 1.80%) per annum	-	1,199,650
<b>Current</b>		
- Interest bearing at <b>2.30%</b> (2022: 1.80%) per annum	<b>4,375,385</b>	12,237,825
- Non-interest bearing	<b>100,634</b>	447,289
	<u><b>4,476,019</b></u>	<u>12,685,114</u>
	<u><b>4,476,019</b></u>	<u>13,884,764</u>
<b>Due to:</b>		
- Non-interest bearing	<u><b>6,807,032</b></u>	-

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 8. AMOUNT DUE FROM/(TO) SUBSIDIARIES (CONT'D)

The currency profile of amount due from subsidiaries is as follows:

	COMPANY	
	2023	2022
	RM	RM
Ringgit Malaysia	4,476,019	13,675,385
United States Dollar	-	209,379
	<u>4,476,019</u>	<u>13,884,764</u>

The entire amount due to a subsidiary is denominated in United States Dollar.

The amount due from subsidiaries is non-trade related, unsecured and classified based on the expected timing of realisation.

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

## 9. DEFERRED TAX (ASSETS)/LIABILITIES

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	8,325,626	8,242,619
Recognised in profit or loss	522,253	284,422
Arising from acquisition of a subsidiary	-	436,422
Exchange differences	(462)	(6,838)
	<u>8,847,417</u>	<u>8,956,625</u>
Under/(Over) provision in prior year	<u>138,000</u>	<u>(631,000)</u>
Balance at end	<u>8,985,417</u>	<u>8,325,625</u>

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

	GROUP	
	2023	2022
	RM	RM
Deferred tax assets	-	(143,370)
Deferred tax liabilities	8,985,417	8,468,995
	<u>8,985,417</u>	<u>8,325,625</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

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

	GROUP	
	2023	2022
	RM	RM
Property, plant and equipment	9,196,591	8,912,852
Investment properties	436,422	436,422
Right-of-use asset	141,204	110,046
Lease liabilities	(141,640)	(118,476)
Provisions	(647,160)	(1,015,219)
	<b>8,985,417</b>	<b>8,325,625</b>

## 10. INVENTORIES

	GROUP	
	2023	2022
	RM	RM
<b>At cost</b>		
Raw materials	75,085,101	121,222,602
Work-in-progress	30,786,632	40,542,475
Finished goods	131,009,392	125,998,001
Indirect materials	52,199,256	47,990,485
Trading goods	117,083	210,584
	<b>289,197,464</b>	<b>335,964,147</b>
<b>At net realisable value</b>		
Finished goods	2,387,015	2,730,903
Trading goods	147,064	153,121
	<b>2,534,079</b>	<b>2,884,024</b>
	<b>291,731,543</b>	<b>338,848,171</b>
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	385,584,070	504,452,978
Inventories written down:		
- Addition	561,117	-
- Reversal	-	(1,924,009)

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 11. TRADE RECEIVABLES

	GROUP	
	2023	2022
	RM	RM
Trade receivables	73,663,271	126,305,074
Less: Allowance for expected credit losses		
Balance at beginning	(24,104,123)	(25,886,468)
Current year	(408,908)	(239,634)
Reversal	34,286	2,021,979
Balance at end	(24,478,745)	(24,104,123)
	<b>49,184,526</b>	<b>102,200,951</b>

The normal credit terms granted to trade receivables range from **30 to 120 days** (2022: 30 to 120 days). They are recognised at their original invoice amounts which represent the fair values on initial recognition.

The currency profile of trade receivables is as follows:

	GROUP	
	2023	2022
	RM	RM
Ringgit Malaysia	25,635,465	39,510,819
United States Dollar	15,680,354	46,824,569
Euro	7,503,572	15,660,224
Vietnam Dong	365,135	155,753
Singapore Dollar	-	49,586
	<b>49,184,526</b>	<b>102,200,951</b>

## 12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other receivables	1,857,583	1,058,163	-	-
Refundable deposits	272,338	289,779	4,500	4,500
Non-refundable deposits	40,597	40,597	-	-
Prepayments	1,811,916	1,952,811	-	-
Down payment for purchase of raw materials	122,069	7,100,547	-	-
VAT receivables	6,320,060	6,466,286	-	-
	<b>10,424,563</b>	<b>16,908,183</b>	<b>4,500</b>	<b>4,500</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

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

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	2,096,544	2,213,845	4,500	4,500
United States Dollar	454,846	7,775,220	-	-
Vietnam Dong	7,795,493	6,919,118	-	-
Singapore Dollar	77,680	-	-	-
	<b>10,424,563</b>	<b>16,908,183</b>	<b>4,500</b>	<b>4,500</b>

## 13. OTHER INVESTMENTS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Financial assets at fair value through profit or loss</b>				
Short term funds with licensed financial institutions	67,154,171	-	8,677,917	-

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

## 14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Fixed deposits with licensed banks	62,466,838	35,399,735	-	-
Short term money market deposits	17,639,847	15,519,973	2,129,581	794,175
Short term funds with licensed financial institutions	-	9,347,267	-	6,043,861
Cash in hand and at banks	49,723,510	67,184,180	4,717,271	6,399,135
	<b>129,830,195</b>	<b>127,451,155</b>	<b>6,846,852</b>	<b>13,237,171</b>

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of the Group as at the end of the reporting period range from **4.75% to 11%** (2022: 3.20% to 6.30%) per annum and **1 month to 12 months** (2022: 3 months to 12 months) respectively.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 14. CASH AND BANK BALANCES (CONT'D)

The effective interest rates per annum and maturities of the short term money market deposits as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
Effective interest rates per annum (%)	<b>0.87 to 2.65</b>	0.65 to 1.65	<b>2.65</b>	1.65
Tenors (days)	<b>1 to 30</b>	1 to 30	<b>1</b>	1

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

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	<b>28,019,291</b>	34,912,372	<b>2,132,186</b>	6,840,642
Vietnam Dong	<b>62,828,652</b>	37,358,310	-	-
United States Dollar	<b>33,151,724</b>	48,207,550	<b>4,714,666</b>	6,396,529
Euro	<b>5,827,835</b>	6,926,941	-	-
Singapore Dollar	<b>2,693</b>	45,982	-	-
	<b>129,830,195</b>	127,451,155	<b>6,846,852</b>	13,237,171

## 15. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	2022	2023	2022
			RM	RM
Issued and fully paid with no par value	<b>299,533,168</b>	299,533,168	<b>177,929,384</b>	177,929,384

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

## 16. TREASURY SHARES

The Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the annual general meeting held on 29 November 2022.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 16. TREASURY SHARES (CONT'D)

During the financial year, the Company purchased **2,000** (2022: 10,000) of its issued ordinary shares from the open market at an average price of **RM1.70** (2022: RM1.52) per share. The total consideration paid for the share buy back was **RM3,477** (2022: RM15,320), including transaction costs of **RM77** (2022: RM120). None of the treasury shares held were resold or cancelled during the financial year.

As at the end of the reporting period, the Company held a total of **13,081,800** (2022: 13,079,800) ordinary shares as treasury shares out of its total issued and paid up share capital. The number of outstanding ordinary shares in issue after deducting the treasury shares as at the end of the reporting period was **286,451,368** (2022: 286,453,368) ordinary shares.

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

## 17. FOREIGN CURRENCY TRANSLATION RESERVE

### GROUP

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

## 18. RETAINED PROFITS

### COMPANY

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

## 19. TRADE PAYABLES

The currency profile of trade payables is as follows:

	GROUP	
	2023	2022
	RM	RM
Ringgit Malaysia	<b>3,866,401</b>	7,427,336
Vietnam Dong	<b>12,565,889</b>	14,576,398
United States Dollar	<b>1,666,448</b>	1,445,877
	<b>18,098,738</b>	23,449,611

The credit terms extended by trade payables range from **30 to 90 days** (2022: 30 to 90 days).

Included in the trade payables is an amount of **RM797,415** (2022: RM1,732,170) due to the companies in which certain directors of the Company have financial interests. It is unsecured and non-interest bearing.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Other payables	<b>34,411,189</b>	40,539,696	-	3,012
Accruals	<b>7,405,807</b>	7,124,600	<b>401,345</b>	356,344
	<b>41,816,996</b>	47,664,296	<b>401,345</b>	359,356

Included in the other payables of the Group is an amount of **RM32,003,141** (2022: RM31,925,284) due to non-controlling interests in which certain directors of the Company have substantial financial interests. It is non-trade related, unsecured, non-interest bearing and repayable on demand.

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	<b>38,820,069</b>	40,761,180	<b>401,345</b>	359,356
Vietnam Dong	<b>2,421,283</b>	6,574,551	-	-
United States Dollar	<b>336,266</b>	326,120	-	-
Euro	<b>239,378</b>	2,445	-	-
	<b>41,816,996</b>	47,664,296	<b>401,345</b>	359,356

## 21. BORROWINGS

	GROUP	
	2023	2022
	RM	RM
<b>Secured:</b>		
Onshore foreign currency loans	-	27,339,195
Short term loans	-	10,486,052
Trust receipts	<b>5,427,342</b>	-
	<b>5,427,342</b>	37,825,247

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



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 21. BORROWINGS (CONT'D)

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

	GROUP	
	2023	2022
	%	%
Onshore foreign currency loans	-	1.45 to 2.20
Short term loans	-	1.20 to 1.30
Trust receipts	<b>7.14</b>	-

The currency profile of borrowings is as follows:

	GROUP	
	2023	2022
	RM	RM
Ringgit Malaysia	<b>5,427,342</b>	-
United States Dollar	-	37,825,247
	<b>5,427,342</b>	37,825,247

## 22. CONTRACT LIABILITIES

	GROUP	
	2023	2022
	RM	RM
Balance at beginning	<b>2,435,143</b>	978,275
Revenue recognised during the financial year	<b>(8,828,846)</b>	(978,275)
Deposits received during the financial year	<b>7,898,267</b>	2,435,143
	<b>1,504,564</b>	2,435,143

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

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

### ***Unsatisfied performance obligations***

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially unsatisfied) to be fulfilled within one year as at the end of the reporting period is **RM1,599,108** (2022: RM2,435,143).

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 23. REVENUE

### 23.1 Disaggregation revenue information

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Types of revenue</b>				
Sale of goods, representing total revenue from contracts with customers	<b>456,452,038</b>	657,837,565	-	-
Dividend income, representing other revenue	-	-	<b>22,231,992</b>	15,835,537
<b>Total revenue</b>	<b>456,452,038</b>	657,837,565	<b>22,231,992</b>	15,835,537
<b>Geographical markets</b>				
Europe	<b>148,077,895</b>	282,238,925	-	-
Malaysia	<b>150,414,488</b>	185,703,794	-	-
North America	<b>132,444,384</b>	136,338,207	-	-
Other Asia Pacific countries	<b>22,969,208</b>	25,001,187	-	-
Australia	<b>1,271,352</b>	23,688,681	-	-
Vietnam	<b>1,274,711</b>	2,909,369	-	-
Others	-	1,957,402	-	-
<b>Total revenue from contracts with customers</b>	<b>456,452,038</b>	657,837,565	-	-
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time, representing total revenue from contracts with customers	<b>456,452,038</b>	657,837,565	-	-

### 23.2 Performance obligations

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 24. OTHER INCOME

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Distribution income	492,032	-	312,122	-
Fair value gain on short term funds with licensed financial institutions	590,407	-	-	-
Gain on derecognition of right-of- use assets and lease liabilities	21,882	-	-	-
Gain on disposal of property, plant and equipment	90,057	-	-	-
Realised gain on foreign exchange	3,625,879	2,425,985	57,000	90,590
Rental income	707,400	628,250	-	-
Reversal of unwinding discount on financial assets	-	2,618,282	-	220,233
Unrealised gain on foreign exchange	1,748,344	-	699,769	-
Others	113,642	102,987	-	-
	<b>7,389,643</b>	<b>5,775,504</b>	<b>1,068,891</b>	<b>310,823</b>

## 25. FINANCE COSTS

	GROUP	
	2023 RM	2022 RM
Accretion of interest on lease liabilities	25,991	43,128
Interest expenses on:		
- Bank overdraft	20,000	28,297
- Bankers' acceptance	27,167	64,623
- Letter of credit charges	69,109	34,823
- Onshore foreign currency loans	127,397	266,021
- Short term loans	173,915	437,441
- Trust receipts	1,567	-
	<b>445,146</b>	<b>874,333</b>

## 26. FINANCE INCOME

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income from:				
- amount due from a subsidiary	-	-	100,634	237,910
- licensed financial institutions	5,500,653	1,732,911	166,641	161,835
	<b>5,500,653</b>	<b>1,732,911</b>	<b>267,275</b>	<b>399,745</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 27. PROFIT BEFORE TAX

This is arrived at:

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Allowances for expected credit losses on trade receivables				
- Addition	408,908	239,634	-	-
- Reversal	(34,286)	(2,021,979)	-	-
Auditors' remuneration				
- Grant Thornton Malaysia PLT				
- statutory audit				
- current year	117,000	120,000	38,000	38,000
- (over)/under provision in prior year	(5,000)	3,000	(2,000)	(1,000)
- other services	2,000	2,000	2,000	2,000
- other auditors				
- current year	76,413	46,878	-	-
- under provision in prior year	47,971	-	-	-
Depreciation of:				
- property, plant and equipment	12,971,463	13,062,887	-	-
- investment properties	168,918	88,392	-	-
- right-of-use asset	262,585	262,015	-	-
Directors' fees				
- executive directors	180,000	135,000	180,000	135,000
- non-executive directors	180,000	180,000	180,000	180,000
Expenses relating to lease of low value assets	6,688	6,396	-	-
Expense relating to short-term leases	256,440	279,520	-	-
Fair value loss on short term funds with licensed financial institutions	88,029	-	88,029	-
Inventories written down:				
- Addition	561,117	-	-	-
- Reversal	-	(1,924,009)	-	-
Loss on disposal of property plant and equipment	-	70,047	-	-
Property, plant and equipment expensed off	-	11,197,968	-	-
Property, plant and equipment written off	85,252	4	-	-
* Staff costs	45,006,512	50,545,859	8,400	5,800
Unrealised loss on foreign exchange	-	782,471	-	-
	<b>45,006,512</b>	<b>50,545,859</b>	<b>8,400</b>	<b>5,800</b>
* Staff costs				
- Salaries, allowances, bonus, wages and incentive	43,374,892	49,069,735	8,400	5,800
- EPF	1,380,398	1,226,666	-	-
- SOCSO and EIS	251,222	249,458	-	-
	<b>45,006,512</b>	<b>50,545,859</b>	<b>8,400</b>	<b>5,800</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 27. PROFIT BEFORE TAX (CONT'D)

### Directors' emoluments

The aggregate amount of remuneration received and receivable by directors of the Company and its subsidiaries are shown below:

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Executive directors of the Company:</b>				
Directors' emoluments				
- Salaries, allowances and bonus	<b>6,000,185</b>	4,612,995	<b>3,600</b>	2,000
- EPF	<b>277,499</b>	284,000	-	-
- SOCSO and EIS	<b>3,058</b>	2,109	-	-
	<b>6,280,742</b>	4,899,104	<b>3,600</b>	2,000
Benefits-in-kind	<b>19,500</b>	16,500	-	-
	<b>6,300,242</b>	4,915,604	<b>3,600</b>	2,000
<b>Non-Executive directors of the Company:</b>				
Directors' emoluments				
- Allowances	<b>4,800</b>	3,800	<b>4,800</b>	3,800
<b>Executive directors of subsidiaries:</b>				
Directors' emoluments				
- Salaries, allowances and bonus	<b>742,708</b>	1,552,600	-	-
- SOCSO and EIS	<b>718</b>	593	-	-
	<b>743,426</b>	1,553,193	-	-
<b>Total directors' remuneration</b>	<b>7,048,468</b>	6,472,597	<b>8,400</b>	5,800

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 28. TAXATION

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Current tax:</b>				
Based on results for the financial year				
- Current tax				
- Malaysian income tax	(5,470,000)	(13,540,000)	(150,000)	(73,000)
- Foreign tax	(5,986,725)	(12,946,501)	-	-
	<u>(11,456,725)</u>	<u>(26,486,501)</u>	<u>(150,000)</u>	<u>(73,000)</u>
Deferred tax relating to the origination and reversal of temporary differences				
	(522,253)	(284,422)	-	-
	<u>(11,978,978)</u>	<u>(26,770,923)</u>	<u>(150,000)</u>	<u>(73,000)</u>
(Under)/Over provision in prior year				
- Current tax	(774,505)	(108,975)	(3,886)	(1,577)
- Deferred tax	(138,000)	631,000	-	-
	<u>(912,505)</u>	<u>522,025</u>	<u>(3,886)</u>	<u>(1,577)</u>
	<u>(12,891,483)</u>	<u>(26,248,898)</u>	<u>(153,886)</u>	<u>(74,577)</u>

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before tax	<u>52,280,014</u>	<u>122,205,613</u>	<u>22,888,359</u>	<u>15,682,080</u>
Income tax at Malaysian statutory tax rate of 24%	(12,547,203)	(29,329,347)	(5,493,206)	(3,763,699)
Effect of tax rate in foreign jurisdiction	1,090,878	2,589,300	-	-
Income not subject to tax	141,698	167,246	5,503,624	3,870,965
Expenses not deductible for tax purposes	(318,568)	(198,122)	(160,418)	(180,266)
Deferred tax assets not recognised	(345,783)	-	-	-
	<u>(11,978,978)</u>	<u>(26,770,923)</u>	<u>(150,000)</u>	<u>(73,000)</u>
(Under)/Over provision in prior year	<u>(912,505)</u>	<u>522,025</u>	<u>(3,886)</u>	<u>(1,577)</u>
	<u>(12,891,483)</u>	<u>(26,248,898)</u>	<u>(153,886)</u>	<u>(74,577)</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 28. TAXATION (CONT'D)

The following deferred tax assets (gross amount) have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised. As at the end of the reporting period, the Group's deferred tax position is as follows:

	GROUP	
	2023	2022
	RM	RM
Unused tax losses	1,131,093	1,117,633
Other deductible temporary differences	1,461,571	34,267
	<u>2,592,664</u>	<u>1,151,900</u>

The gross amount and future availability of unused tax losses which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP	
	2023	2022
	RM	RM
Unused tax losses	<u>1,131,093</u>	<u>1,117,633</u>

The unused tax losses can be carried forward for ten (10) consecutive years of assessment immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2019.

The unused tax losses will be disregarded in the following YAs:

	GROUP	
	2023	2022
	RM	RM
YA 2032	433,059	433,059
YA 2033	684,574	684,574
YA 2034	13,460	-
	<u>1,131,093</u>	<u>1,117,633</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 29. EARNINGS PER SHARE

### (i) Basic earnings per share

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

	GROUP	
	2023	2022
Profit attributable to owners of the Company (RM)	<b>39,460,535</b>	95,988,597
Weighted average number of ordinary shares in issue	<b>286,452,149</b>	286,456,793
Basic earnings per share (sen)	<b>13.78</b>	33.51

### (ii) Diluted earnings per share

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

## 30. DIVIDENDS

	2023 RM	2022 RM
In respect of financial year ended 30 June 2023		
- Single tier first interim dividend of RM0.048 per ordinary share	<b>13,749,825</b>	-
In respect of financial year ended 30 June 2022:		
- Single tier second interim dividend of RM0.08 per ordinary share	<b>22,916,356</b>	-
- Single tier first interim dividend of RM0.054 per ordinary share	-	15,468,662
In respect of financial year ended 30 June 2021:		
- Single tier second interim dividend of RM0.018 per ordinary share	-	5,156,341
	<b>36,666,181</b>	20,625,003

On 29 August 2023, the Company has declared a single tier second interim dividend of RM0.0071 per ordinary share amounting to RM2,033,805 in respect of the financial year ended 30 June 2023 and payable on 24 November 2023. The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in shareholders' equity as appropriation of retained profits in the financial year ending 30 June 2024.



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 31. SEGMENTAL INFORMATION

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

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

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

### Business Segments

The Group comprises the following main business segments:

- (i) Fastening products : Manufacturing and trading of screws, nuts, bolts and other fastening products.
- (ii) Wire products : Manufacturing of precision galvanised wire, annealing wire, bright wire, hard drawn wire, PVC wire, bent round bar and grill mesh.
- (iii) Investment holding: Investment holding and property investment.

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

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

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities and unallocated liabilities.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 31. SEGMENTAL INFORMATION (CONT'D)

### By business segment

	Fastening products RM	Wire products RM	Investment holding RM	Elimination RM	Note	Total RM
<b>2023</b>						
<b>Revenue</b>						
External sales	345,662,336	110,789,702	-	-		456,452,038
Inter-segment sales	-	-	37,443,218	(37,443,218)	A	-
<b>Total revenue</b>	<b>345,662,336</b>	<b>110,789,702</b>	<b>37,443,218</b>	<b>(37,443,218)</b>		<b>456,452,038</b>
<b>Results</b>						
Segment result	44,669,159	2,339,480	215,868	-		47,224,507
Interest income						5,500,653
Interest expense						(445,146)
Profit before tax						52,280,014
Taxation						(12,891,483)
Profit for the financial year						<b>39,388,531</b>
<b>Assets</b>						
Segment assets	554,779,033	111,474,758	86,783,940	-		753,037,731
Current tax assets						7,837,736
<b>Total assets</b>						<b>760,875,467</b>
<b>Liabilities</b>						
Segment liabilities	28,957,797	6,029,261	32,450,751	-		67,437,809
Deferred tax liabilities						8,985,417
Current tax liabilities						2,103,869
<b>Total liabilities</b>						<b>78,527,095</b>
<b>Other segment information</b>						
Additions to non-current assets	5,065,816	1,665,918	-	-	B	6,731,734
Depreciation						
- property, plant and equipment	9,781,253	3,190,210	-	-		12,971,463
- investment properties	168,918	-	-	-		168,918
- right-of-use asset	262,585	-	-	-		262,585
Non-cash expenses other than depreciation	(156,489)	(393,275)	(765,915)	-	C	(1,315,679)

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 31. SEGMENTAL INFORMATION (CONT'D)

### By business segment

	Fastening products RM	Wire products RM	Investment holding RM	Elimination RM	Note	Total RM
2022						
Revenue						
External sales	493,264,841	164,572,724	-	-		657,837,565
Inter-segment sales	-	-	15,835,537	(15,835,537)	A	-
Total revenue	<u>493,264,841</u>	<u>164,572,724</u>	<u>15,835,537</u>	<u>(15,835,537)</u>		<u>657,837,565</u>
Results						
Segment result	103,251,998	18,647,392	(552,355)	-		121,347,035
Interest income						1,732,911
Interest expense						<u>(874,333)</u>
Profit before tax						122,205,613
Taxation						<u>(26,248,898)</u>
Profit for the financial year						<u>95,956,715</u>
Assets						
Segment assets	597,852,961	119,487,802	76,701,816	-		794,042,579
Deferred tax assets						143,370
Current tax assets						<u>3,273,758</u>
Total assets						<u>797,459,707</u>
Liabilities						
Segment liabilities	67,665,426	11,873,955	32,328,566	-		111,867,947
Deferred tax liabilities						8,468,995
Current tax liabilities						<u>9,895,265</u>
Total liabilities						<u>130,232,207</u>
Other segment information						
Additions to non- current assets	4,200,955	746,536	-	-	B	4,947,491
Depreciation						
- property, plant and equipment	9,382,434	3,680,453	-	-		13,062,887
- investment properties	88,392	-	-	-		88,392
- right-of-use asset	262,015	-	-	-		262,015
Non-cash expenses other than depreciation	5,718,654	50,328	-	-	C	5,768,982

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 31. SEGMENTAL INFORMATION (CONT'D)

Notes to segmental information:

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

	2023 RM	2022 RM
Accretion of interest on lease liabilities	25,991	43,128
Allowance for expected credit losses on trade receivables:		
- Addition	408,908	239,634
- Reversal	(34,286)	(2,021,979)
Gain on derecognition of right-of-use assets and lease liabilities	(21,882)	-
(Gain)/Loss on disposal of property, plant and equipment	(90,057)	70,047
Inventories written down:		
- Addition	561,117	-
- Reversal	-	(1,924,009)
Net fair value gain on short term funds with licensed financial institutions	(502,378)	-
Property, plant and equipment expensed off	-	11,197,968
Property, plant and equipment written off	85,252	4
Reversal of unwinding discount on financial assets	-	(2,618,282)
Unrealised (gain)/loss on foreign exchange	(1,748,344)	782,471
	<b>(1,315,679)</b>	<b>5,768,982</b>

### By geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers as disclosed in Note 23.1 to the financial statements. Segment assets are based on the geographical location of assets.

	Non-current assets	
	2023 RM	2022 RM
Malaysia	151,152,827	153,296,830
Vietnam	53,559,906	55,480,659
	<b>204,712,733</b>	<b>208,777,489</b>

### Information about major customers

Total revenue from **1** (2022: 1) major customer which individually contributed to 10% or more of the Group's revenue amounted to **RM83,666,656** (2022: RM74,596,756), arising from the fastening products division.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 32. CAPITAL COMMITMENTS

	GROUP	
	2023	2022
	RM	RM
Approved but not provided for:		
- Property, plant and equipment	<u>3,195,953</u>	<u>921,563</u>

## 33. RELATED PARTY DISCLOSURES

### (i) Identity of related parties

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 33. RELATED PARTY DISCLOSURES (CONT'D)

### (ii) Related party transactions

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

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of goods from:				
- Jinn Her Enterprise Co., Ltd.	<b>1,685,699</b>	3,679,455	-	-
- Jiuh Yang Metal Industry Sdn. Bhd.	<b>5,174,074</b>	6,347,606	-	-
Purchase of machinery from Jinn Her Enterprise Co., Ltd.	-	74,375	-	-
Gross dividend income from subsidiaries	-	-	<b>22,231,992</b>	15,835,537
Interest income from a subsidiary	-	-	<b>100,634</b>	237,910
Advances to a subsidiary	-	-	<b>7,110,000</b>	-
Payments on behalf by:				
- Amal Pintas Sdn. Bhd.	<b>28,905</b>	229,847	-	-
- Sunergy Sdn. Bhd.	<b>19,123</b>	26,156	-	-
- Subsidiaries	-	-	-	3,165
Repayment from:				
- Amal Pintas Sdn. Bhd.	<b>(29,828)</b>	8,482	-	-
- Subsidiaries	-	-	<b>9,300,000</b>	7,450,000
Professional fee paid/payable to Ghazi & Lim	-	3,544	-	2,120

### (iii) Compensation of key management personnel

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 33. RELATED PARTY DISCLOSURES (CONT'D)

### (iii) Compensation of key management personnel (cont'd)

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

	GROUP		COMPANY	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	360,000	315,000	360,000	315,000
Short-term employee benefits	7,529,490	6,941,360	8,400	5,800
EPF	312,211	314,776	-	-
	<b>8,201,701</b>	<b>7,571,136</b>	<b>368,400</b>	<b>320,800</b>
Analysed as:				
- Directors	7,408,468	6,787,597	368,400	320,800
- Other key management personnel	793,233	783,539	-	-
	<b>8,201,701</b>	<b>7,571,136</b>	<b>368,400</b>	<b>320,800</b>

## 34. FINANCIAL INSTRUMENTS

### 34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as FVTPL and AC.

	Carrying amount RM	FVTPL RM	AC RM
<b>GROUP</b>			
<b>2023</b>			
<b>Financial assets</b>			
Trade receivables	49,184,526	-	49,184,526
Other receivables and refundable deposits	2,129,921	-	2,129,921
Other investments	67,154,171	67,154,171	-
Cash and bank balances	129,830,195	-	129,830,195
	<b>248,298,813</b>	<b>67,154,171</b>	<b>181,144,642</b>
<b>Financial liabilities</b>			
Trade payables	18,098,738	-	18,098,738
Other payables and accruals	41,816,996	-	41,816,996
Borrowings	5,427,342	-	5,427,342
	<b>65,343,076</b>	<b>-</b>	<b>65,343,076</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.1 Categories of financial instruments (cont'd)

	Carrying amount RM	FVTPL RM	AC RM
2022			
Financial assets	102,200,951	-	102,200,951
Trade receivables	1,347,942	-	1,347,942
Other receivables	127,451,155	-	127,451,155
Cash and bank balances			
	<u>231,000,048</u>	<u>-</u>	<u>231,000,048</u>
Financial liabilities			
Trade payables	23,449,611	-	23,449,611
Other payables and accruals	47,664,296	-	47,664,296
Borrowings	37,825,247	-	37,825,247
	<u>108,939,154</u>	<u>-</u>	<u>108,939,154</u>

## COMPANY

### 2023

#### Financial assets

Refundable deposits	4,500	-	4,500
Amount due from subsidiaries	4,476,019	-	4,476,019
Other investments	8,677,917	8,677,917	-
Cash and bank balances	6,846,852	-	6,846,852
	<u>20,005,288</u>	<u>8,677,917</u>	<u>11,327,371</u>

#### Financial liabilities

Other payables and accruals	401,345	-	401,345
Amount due to a subsidiary	6,807,032	-	6,807,032
	<u>7,208,377</u>	<u>-</u>	<u>7,208,377</u>

### 2022

Financial assets			
Refundable deposits	4,500	-	4,500
Amount due from subsidiaries	13,884,764	-	13,884,764
Cash and bank balances	13,237,171	-	13,237,171
	<u>27,126,435</u>	<u>-</u>	<u>27,126,435</u>

#### Financial liability

Other payables and accruals	359,356	-	359,356
	<u>359,356</u>	<u>-</u>	<u>359,356</u>



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.2 Financial risk management

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

### 34.3 Credit risk

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

#### 34.3.1 Trade receivables

The Group extends credit terms to customers that range between **30 to 120 days** (2022: 30 to 120 days). Credit terms extended to its customers is based on careful evaluation on the customers' financial condition and payment history. Receivables are monitored on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts. In order to further minimise its exposure to credit risk, the Group requires deposits from the customers.

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

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

	Gross RM	Allowance for expected credit losses RM	Net RM
<b>GROUP</b>			
<b>2023</b>			
Not past due	39,721,957	-	39,721,957
1 to 30 days past due	4,937,841	-	4,937,841
31 to 60 days past due	2,371,765	-	2,371,765
More than 60 days past due	2,152,963	-	2,152,963
	9,462,569	-	9,462,569
Individually impaired	24,478,745	(24,478,745)	-
	<u>73,663,271</u>	<u>(24,478,745)</u>	<u>49,184,526</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.3 Credit risk (cont'd)

#### 34.3.1 Trade receivables (cont'd)

	Gross RM	Allowance for expected credit losses RM	Net RM
GROUP			
2022			
Not past due	85,429,794	-	85,429,794
1 to 30 days past due	4,295,829	-	4,295,829
31 to 60 days past due	5,185,608	-	5,185,608
More than 60 days past due	7,289,720	-	7,289,720
	16,771,157	-	16,771,157
Individually impaired	24,104,123	(24,104,123)	-
	<u>126,305,074</u>	<u>(24,104,123)</u>	<u>102,200,951</u>

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

The Group has trade receivables amounting to **RM9,462,569** (2022: RM16,771,157) that are past due but not impaired as at the end of the reporting period as the management is of the view that these debts will be collected in due course.

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

The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2022: 3 customers), representing **27%** (2022: 35%) of the total trade receivables.

#### Maximum exposure to credit risk

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.3 Credit risk (cont'd)

#### 34.3.1 Maximum exposure to credit risk (cont'd)

	Gross RM	Allowance for expected credit losses RM	Net RM
<b>GROUP</b>			
<b>2023</b>			
Low risk	49,184,526	-	49,184,526
Individually impaired	24,478,745	(24,478,745)	-
	<u>73,663,271</u>	<u>(24,478,745)</u>	<u>49,184,526</u>
<b>2022</b>			
Low risk	102,200,951	-	102,200,951
Individually impaired	24,104,123	(24,104,123)	-
	<u>126,305,074</u>	<u>(24,104,123)</u>	<u>102,200,951</u>

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

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

#### 34.3.2 Intercompany balances

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

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

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

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.3 Credit risk (cont'd)

#### 34.3.3 Financial guarantees

The Company provides unsecured financial guarantees to financial institutions in respect of banking facilities granted to certain subsidiaries up to a limit of **RM220,813,700** (2022: RM218,673,800), of which the amount utilised as at the end of the reporting period was **RM5,427,342** (2022: RM37,825,247), representing the credit risk exposure to the Company as at that date.

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

### 34.4 Liquidity risk

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

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on the undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one years and less than five years RM
<b>GROUP</b>				
<b>2023</b>				
<i><b>Non-derivative financial liabilities</b></i>				
Trade payables	18,098,738	18,098,738	18,098,738	-
Other payables and accruals	41,816,996	41,816,996	41,816,996	-
Borrowings	5,427,342	5,427,342	5,427,342	-
Lease liability	590,169	635,160	140,720	494,440
	<b>65,933,245</b>	<b>65,978,236</b>	<b>65,483,796</b>	<b>494,440</b>
<b>2022</b>				
<i><b>Non-derivative financial liabilities</b></i>				
Trade payables	23,449,611	23,449,611	23,449,611	-
Other payables and accruals	47,664,296	47,664,296	47,664,296	-
Borrowings	37,825,247	37,825,247	37,825,247	-
Lease liability	493,650	525,000	300,000	225,000
	<b>109,432,804</b>	<b>109,464,154</b>	<b>109,239,154</b>	<b>225,000</b>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.4 Liquidity risk (cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM
<b>COMPANY</b>			
<b>2023</b>			
<i>Non-derivative financial liabilities</i>			
Other payables and accruals	401,345	401,345	401,345
Amount due to a subsidiary	6,807,032	6,807,032	6,807,032
* Financial guarantees	-	5,427,342	5,427,342
	<u>7,208,377</u>	<u>12,635,719</u>	<u>12,635,719</u>
<b>2022</b>			
<i>Non-derivative financial liabilities</i>			
Other payables and accruals	359,356	359,356	359,356
* Financial guarantees	-	37,825,247	37,825,247
	<u>359,356</u>	<u>38,184,603</u>	<u>38,184,603</u>
* The financial guarantees are included for illustration purpose only as they have not crystallised as at the end of the reporting period.			

### 34.5 Interest rate risk

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

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

	<b>GROUP</b>		<b>COMPANY</b>	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fixed rate instruments</b>				
Financial assets	80,106,685	50,919,708	6,504,966	14,231,650
Financial liabilities	<u>5,427,342</u>	<u>37,825,247</u>	<u>-</u>	<u>-</u>

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.5 Interest rate risk (cont'd)

#### Sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and financial liabilities at FVTPL, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

### 34.6 Foreign currency risk

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

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Vietnam Dong ("VND") and Euro ("EUR").

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit before tax and equity to a reasonably possible change in the various exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease)			
	2023		2022	
	Equity	Profit	Equity	Profit
	RM	before tax	RM	before tax
		RM		RM
<b>GROUP</b>				
USD/RM - strengthened 10%	1,910,883	2,437,904	2,508,128	3,302,153
- weakened 10%	(1,910,883)	(2,437,904)	(2,508,128)	(3,302,153)
VND/RM - strengthened 10%	27,754,828	4,955,998	15,169,055	2,328,223
- weakened 10%	(27,754,828)	(4,955,998)	(15,169,055)	(2,328,223)
EUR/RM- strengthened 10%	297,852	391,911	544,925	717,006
- weakened 10%	(297,852)	(391,911)	(544,925)	(717,006)
USD/VND- strengthened 10%	1,700,321	2,237,265	2,294,331	3,018,856
- weakened 10%	(1,700,321)	(2,237,265)	(2,294,331)	(3,018,856)
EUR/VND- strengthened 10%	697,142	917,292	1,171,514	1,541,466
- weakened 10%	(697,142)	(917,292)	(1,171,514)	(1,541,466)
<b>COMPANY</b>				
USD/RM - strengthened 10%	(159,020)	(209,237)	(502,049)	(660,591)
- weakened 10%	159,020	209,237	502,049	660,591

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### 34.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's and the Company's other investments which are investment in short term funds.

Management of the Group monitors the investment in short term funds and it can be redeemed at any time upon notice given to the financial institutions.

#### Sensitivity analysis for equity price risk

As at the end of the reporting period, if the prices of the short term funds had been 1% higher/lower, with all other variables held constant, the Group's profit before tax and equity would have been higher/lower by the amount shown below, arising as a result of higher/lower fair value gain on investment in short term funds.

	GROUP		COMPANY	
	2023	2022	2023	2022
	RM	RM	RM	RM
Increase in profit before tax and equity	<u>671,542</u>	<u>-</u>	<u>86,779</u>	<u>-</u>

## 35. FAIR VALUE MEASUREMENT

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

The Group has forward foreign exchange contracts with nominal value of **RM Nil** (2022: RM7,019,957) as at the end of the reporting period. Forward foreign exchange contracts are used to manage the foreign currency exposure arising from purchases denominated in United States Dollar with maturities of less than one year after the end of the reporting period. The fair value of the forward foreign exchange contracts has not been accounted for in the financial statements due to its immateriality to be recognised as at the end of the reporting period.

### 35.1 Non-financial assets that are measured at fair value

The directors determine the recurring fair values of the Group's investment properties based on the followings:

- (i) With reference to valuation report by external independent qualified property valuer using the market comparison method, being comparison of current price in an active market for similar properties in the same location and condition and where necessary, adjusting for location, accessibility, visibility, time, size, present market trends and other differences; and

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 35. FAIR VALUE MEASUREMENT (CONT'D)

### 35.1 Non-financial assets that are measured at fair value (cont'd)

- (ii) Current market values with reference to the selling prices of similar properties.

Details of the Group's investment properties and information about the fair value hierarchy are as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>GROUP</b>					
<b>2023</b>					
<b>Non-financial asset</b>					
Investment properties	-	-	91,750,000	91,750,000	67,164,078
<b>2022</b>					
<b>Non-financial asset</b>					
Investment properties	-	-	91,750,000	91,750,000	67,332,996
<b>Level 3 fair value</b>					

Level 3 fair value is estimated using unobservable inputs for the investment properties.

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

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, Level 2 and Level 3 during the financial year.



# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 35. FAIR VALUE MEASUREMENT (CONT'D)

### 35.2 Financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>GROUP</b>					
<b>2023</b>					
<b>Financial asset</b>					
Other investments	<u>67,154,171</u>	<u>-</u>	<u>-</u>	<u>67,154,171</u>	<u>67,154,171</u>

### COMPANY

#### 2023

<b>Financial asset</b>					
Other investments	<u>8,677,917</u>	<u>-</u>	<u>-</u>	<u>8,677,917</u>	<u>8,677,917</u>

#### Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets as at the end of the reporting period.

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and level 3 during the financial year.

# Notes To The Financial Statements

30 June 2023 (Cont'd)

## 36. CAPITAL MANAGEMENT

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

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

The Group and the Company consider their total equity and total loans and borrowings to be the key components of their capital structure. The Group and the Company monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2023	2022
	RM	RM
Total borrowings	5,427,342	37,825,247
Less: Cash and banks balances	(129,830,195)	(127,451,155)
Net cash	<u>(124,402,853)</u>	<u>(89,625,908)</u>
Total equity	<u>682,348,372</u>	<u>667,227,500</u>
Gearing ratio	<u>N/A<sup>1</sup></u>	<u>N/A<sup>1</sup></u>

<sup>1</sup> N/A - Not applicable as net cash position

# Properties Of The Group

As At 30 June 2023

No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2023 RM	Year of Acquisition/ Valuation
1.	Block T-3-05 to Block T-3-08, Block T-4-12 Taman Pelangi, Prai, Penang	3 room flat unit of 5 storey flat	99 years expiring on 22-04-2092	700 sq. ft./ 65.03 sq.m. per block	Hostel, 26 years 700 sq. ft./ 65.03 sq.m. per block	257,035	1994
2.	5,7,9,11,11A & 15 Lorong Nagasari 14, Taman Nagasari, Prai, Penang	Double Storey Terrace House – 3 room	Freehold	893.08 sq. ft./ 83 sq.m. per unit	Hostel, 30 years 1,242. sq. ft./ 115.38 sq.m. per unit	242,930	1990
3.	17 Lorong Nagasari 14, Taman Nagasari, Prai, Penang	Double Storey Terrace House – 3 room	Freehold	1,678.56 sq. ft./ 156 sq.m.	Hostel, 30 years 1,514. sq. ft./ 140.65 sq.m. per unit	58,122	1990
4.	105, Lebuhr Turi, Off Persiaran Raja Muda Musa, Taman Chi Liung, 41200 Klang, Selangor	4 ½ Storey Terrace Shophouse	Freehold	4,072 sq. ft./ sq.m.	Rental for Business, 30 years 18,897.75 sq. ft./ 1,400 sq.m.	394,908	1991
5.	1586, Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	1 Block 3 Storey Office Building, 3 Block Single Storey Factory, 2 Treatment Plants and Automate Warehouse	60 years expiring on 11-06-2053	15 acres	Factory & Office, 26 years, 391,963.63 sq. ft./ 36,414.32 sq.m.	21,743,235	1995
6.	11 Lorong Siram 1, Desa Siram, 12100 Butterworth, Penang	3 ½ Storey Terrace Light Industrial Building	Freehold	1,861.48 sq. ft./ 173 sq.m.	Shop Lot Vacant 28 years, 5,610 sq. ft./ 521.18 sq.m.	269,697	1992
7.	11A Lorong Siram 1, Desa Siram, 12100 Butterworth, Penang	Corner unit 3 ½ Storey Terrace Light Industrial Building	Freehold	2,593.16 sq. ft./ 241 sq.m.	Shop Lot Vacant 28 years, 8,282 sq. ft./ 769.41 sq.m.	373,112	1992

# Properties Of The Group

As At 30 June 2023 (Cont'd)

No	Location	Description	Tenure	Land Area	Existing Use, Age of building And Built-up Area	Net carrying amount @ 30/06/2023 RM	Year of Acquisition/ Valuation
8.	4 Jalan Sungai Kayu Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Industrial Land with Factory	Freehold	105,803 sq. ft.	Rental, 19 years, 35,075.45 sq. ft./ 3,259.80 sq.m.	4,126,361	2003
9.	1586 (PT 2984), Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	Industrial Land with warehouse	60 years expiring on 10-06-2053	108,889 sq. ft./ 10,117 sq.m.	Warehouse 13 years, 103,899 sq. ft./ 9,653 sq.m.	3,555,255	2010
10.	1500, Mukim 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang	Industrial Land with Factory	60 years expiring on 24-05-2055	11.02 acres	Factory & Office 27 years, 290,748 sq. ft./ 27,011 sq.m.	14,168,695	2001
11.	Nhon Trach 3 Industrial Park, Nhon Trach District, Dong Vai Province, Vietnam	Industrial Land with Factory	47 years expiring on 01-04-2051	171,772.80 sq.m.	Factory & Office, 19 years, 171,772.80 sq.m.	39,956,152	2004
12.	5,7,9 Jalan Nagasari 1, Taman Nagasari, Prai, Penang	Double Storey Terrace House	Freehold	1119.04 sq. ft./ 104 meter sq per unit	Hostel, 8 years	496,000	2014
13.	4, Jalan Sungai Ara 32/37, Sekysen 32, 40460 Shah Alam, Selangor	Auto-Warehouse	Freehold	105,803 sq. ft.	Vacant Warehouse 4 years 25,616 sq. ft./ 2,379 sq.m.	3,667,090	2020
14.	Lot 41346 Section 20, Bandar Serendah, District of Ulu Selangor, Selangor	Residential land	Freehold	28.01 Hectares	Vacant	45,000,000	2022
15.	Lot 41347 Section 20, Bandar Serendah, District of Ulu Selangor, Selangor	Residential land	Freehold	19.07 Hectares	Vacant	17,000,000	2022
	<b>Total</b>					<b>151,308,592</b>	

# Analysis of Shareholdings

As At 29 September 2023

Total number of issued shares : 286,451,368 ordinary shares  
Voting right : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDERS

Size of holdings	No. of shareholders	No. of shares	%
Less than 100	27	823	0.00
100 to 1,000	509	345,701	0.12
1,001 to 10,000	2,107	9,698,184	3.39
10,001 to 100,000	681	20,873,200	7.29
100,001 shares to less than 5% of issued shares	101	63,426,114	22.14
5% and above of issued shares	2	192,107,346	67.06
<b>TOTAL</b>		<b>286,451,368</b>	<b>100.00</b>

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

Substantial Shareholders	No. of ordinary shares			
	Direct	%	Deemed	%
Benua Handal Sdn. Bhd.	163,522,346	57.09	-	-
Quintet Luxembourg for Samarang Ucits	28,585,000	9.98	-	-
– Samarang Asian Prosperity	-	-	163,522,346 <sup>(N1)</sup>	57.09
Tsai Yung Chuan	838,400	0.29	163,522,346 <sup>(N1)</sup>	57.09
Tsai Chia Ling	-	-	163,522,346 <sup>(N1)</sup>	57.09
Tsai Cheng Hsun	-	-	163,522,346 <sup>(N1)</sup>	57.09
Tsai Chia Wen				

Notes :

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

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

Directors	No. of ordinary shares			
	Direct	%	Deemed	%
Tsai Yung Chuan	-	-	163,522,346 <sup>(N1)</sup>	57.09
Tsai Chang Hsiu-Hsiang	-	-	-	-
Tsai Chia Ling	838,400	0.29	163,522,346 <sup>(N1)</sup>	57.09
Tsai Cheng Hsun	-	-	163,522,346 <sup>(N1)</sup>	57.09
Lim Chien Ch'eng	6,019,650	2.10	1,765,314 <sup>(N2)</sup>	0.62
Ang Seng Oo	-	-	-	-
Low Yeaw Seng	-	-	-	-
Sharmin Fazlina Binti Mohd Shukor	-	-	-	-

Notes :

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

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

# Analysis of Shareholdings

As At 29 September 2023 (Cont'd)

## LIST OF TOP 30 SHAREHOLDERS

	Name	Shareholdings	%
1.	BENUA HANDAL SDN BHD	163,522,346	57.09
2.	HSBC NOMINEES (ASING) SDN BHD BENEFICIARY : QUINTET LUXEMBOURG FOR SAMARANG UCITS - SAMARANG ASIAN PROSPERITY	28,585,000	9.98
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : CIMB FOR LIM CHIEN CH'ENG (PB)	5,983,400	2.09
4.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	5,902,000	2.06
5.	YAYASAN GURU TUN HUSSEIN ONN	5,004,500	1.75
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : EMPLOYEES PROVIDENT FUND BOARD	4,390,100	1.53
7.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING YAW	4,120,900	1.44
8.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,850,000	0.65
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TEH WIN KEE (8106483)	1,815,800	0.63
10.	INTER-PACIFIC EQUITY NOMINEES BENEFICIARY : INDRA CEMPAKA SDN BHD (P8011)	1,765,314	0.62
11.	CHIN CHIN SEONG	1,760,000	0.61
12.	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,750,000	0.61
13.	AMBANK (M) BERHAD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SMART)	1,575,000	0.55
14.	BAGHLAF ALZAFAER GROUP LTD	1,500,000	0.52
15.	CHIN CHIN SEONG	1,336,700	0.47
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	1,300,000	0.45
17.	WONG YOON TET	1,079,000	0.38
18.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD BENEFICIARY : DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	1,000,000	0.35
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : TEH KIAK SENG	959,000	0.33
20.	TSAI CHIA LING	838,400	0.29
21.	AFFIN HWANG NOMINEES (ASING) SDN BHD BENEFICIARY : DBS VICKERS SECS (S) PTE LTD FOR LITTLE RAIN ASSETS LIMITED	750,000	0.26
22.	DYNAQUEST SDN. BHD.	750,000	0.26
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	725,000	0.25

# Analysis of Shareholdings

As At 29 September 2023 (Cont'd)

## LIST OF TOP 30 SHAREHOLDERS (CONT'D)

	Name	Shareholdings	%
24.	KOO GIT LOO @ CHIU GIT LOO	664,300	0.23
25.	SU MING YAW	628,300	0.22
26.	ANDREW LIM ENG GUAN	618,000	0.22
27.	WONG YOON CHYUAN	563,000	0.20
28.	LO KEE LENG	478,000	0.17
29.	TAN HENG TA	408,500	0.14
30.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD	406,900	0.14
	BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR YONG SHU KONG (MY0638)		



# PROXY FORM

Number of Shares Held	CDS ACCOUNT NO.												
				-				-					

\*I/We.....(\*NRIC/Passport/CompanyNo.....)  
(Full Name in Block Letters)

of .....  
(Address)

being a \* member / members of the abovenamed Company, hereby appoint:

Full Name in Block Letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

\*and/or

Full Name in Block Letters	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing whom, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 27<sup>th</sup> Annual General Meeting ("AGM") of the Company to be held at the Conference Room of Chin Well Holdings Berhad at No. 1586, MK. 11, Lorong Perusahaan Utama 1, Bukit Tengah Industrial Park, 14000 Bukit Mertajam, Penang on Wednesday, 29 November 2023 at 11.00 am and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	To re-elect Mr. Tsai Yung Chuan as a Director of the Company		
2	To re-elect Mr. Ang Seng Oo as a Director of the Company		
3	To approve the payment of Directors' fees to Non-Executive Directors		
4	To approve the payment of Directors' fees to Executive Directors		
5	To approve the payment of Directors' benefits		
6	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company		
7	Authority for Directors to Allot and Issue New Shares		
8	Proposed Continuation of Datin Sharmin Fazlina Binti Mohd Shukor in office as Independent Director		
9	Proposed Renewal of Share Buy-Back		
10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading nature		

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

Signed this ..... day of ..... 2023.

.....  
Signature of Member(s)/Common Seal

## Notes:

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 22 November 2023. Only a depositor whose name appears on the Record of Depositors as at 22 November 2023 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his/her behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, the original proxy form duly completed must be deposited at the registered office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. The instrument appointing a proxy transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the registered office not less than 24 hours before the time appointed for meeting.
- A member shall be entitled to appoint of up to a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorized Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- In the case of a corporate member, the proxy form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

\* Strike out whichever is not desired.



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

1<sup>st</sup> fold here

## **CHIN WELL HOLDINGS BERHAD**

199501042347 (371551-T)

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