



A N N U A L R E P O R T
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CONTENTS

Our Story	➤	2
Vision & Core Values	➤	3
Group Corporate Structure	➤	4
Corporate Information	➤	5
Profile of Directors	➤	6 - 9
Profile of Key Senior Management	➤	10
Chairman's Statement	➤	11 - 12
Management Discussion & Analysis	➤	13 - 18
Group Financial Summary	➤	19
Group Financial Highlights	➤	20 - 21
Market Segmentation - Revenue	➤	22
Sustainability Statement	➤	23 - 30
List of Group Properties	➤	31
Corporate Governance Overview Statement	➤	32 - 47
Statement on Risk Management and Internal Control	➤	48 - 51
Audit Committee Report	➤	52 - 54
Additional Compliance Information	➤	55
Statement of Directors' Responsibilities	➤	56
Analysis of Shareholdings	➤	57 - 59
Directors' Report and Audited Financial Statements	➤	60 - 112
Notice of Annual General Meeting	➤	113 - 116
Share Buy-Back Statement	➤	117 - 123
Administrative Guide	➤	124 - 126
Proxy Form		


OUR STORY

OUR STORY >


On 13 July 2017, CWG Holdings Berhad ("CWG") made its trading debut on the Main Market of Bursa Malaysia Securities Berhad with the assumption of listing status by CWG from Chee Wah Corporation Berhad ("Chee Wah") upon the completion of share exchange on 30 June 2017. This is another major milestone for Chee Wah since its humble inception more than 60 years ago.

The reorganisation has facilitated the establishment of a corporate structure whereby CWG, as a holding company, now own 100% of Chee Wah. Chee Wah was listed on the Bursa Malaysia Securities Berhad (then known as Kuala Lumpur Stock Exchange) on 1 September 1994.

Our Group has grown its business activities from trading in the early years to a fully integrated manufacturing and distribution specialist well known for its wide range of premium quality paper-based stationery. Its subsidiaries are also involved in the supply and distribution of non-paper based stationery, gift paper as well as pre-school educational materials. Together, CWG Group stands out as an integrated stationery supplier to wholesalers and retailers.

 is our premium brand for creatively designed and functional products. It is the leading local brand with both paper and non-paper stationery products widely accepted throughout Asia, Europe, Oceania, Africa and America regions.

Campap has a loyal following and is widely held to be the premier stationery brand in Malaysia. Its tagline of "Inspiring Ideas" is our commitment to the production of items that could inspire users to create something of value and beauty with them. As testimony to our strong brand recognition, CAMPAP was presented with the Superbrands Malaysia award in year 2005.

As recognition of our brand excellence, the Group was also awarded the BrandLaureate BestBrands Award 2018-2019 by the Asia Pacific Brands Foundation on 27 June 2019.  has been recognised as brand leadership in consumer stationery.

Today, more than 75% of the Group revenue generated from global sales. In attesting a consistently good performance of our exporting business, the Group was awarded a Most Promising Award at the Gala Night of Export Excellence Award 2019 ("EEA") on 18 November 2019. The initiative aims of EEA are to inspire and encourage more companies to promote Malaysian products and services globally and build Malaysia's economic growth.

The Group will continue to strive for excellence and forge on with greater spirit and effort for meeting customers' expectations.

VISION & CORE VALUES

VISION ➤ _____

We aspire to be the LEADING supplier that commits to meet and exceed our customers' expectations.

OUR CORE VALUES GUIDE OUR EFFORTS TO ACHIEVE OUR VISION ➤ _____

We subscribe to the following principles:

- **Quality above all**
Provide quality products and reliable services through a quality oriented management system and culture
- **Branding**
Initiate innovative marketing strategies and product development that support brand building
- **Social Obligations**
Sustain the development of the community and be socially responsible to our stakeholders
- **Shareholders**
Creating value for investors by turning opportunities into success
- **Human Resource**
Developing our people to drive corporate growth

GROUP CORPORATE STRUCTURE



201601035444 (1206385-W)

100%

CHEE WAH CORPORATION BERHAD

197701001307 (32250-D)

100%

CHEE WAH (M) SDN. BHD.

199301016962 (271702-V)

100%

CAMEL PAPER PRODUCTS SDN. BHD.

199001009057 (200628-V)

100%

CAMPAP MARKETING SDN. BHD.

199201006059 (237563-K)

100%

ARTO ART SDN. BHD.

200101024247 (560005-H)

100%

FUTURE ACE E-COMMERCE SDN. BHD.
(Formerly known as Future Ace Publishing Sdn. Bhd.)

199001018269 (209938-W)

CORPORATE INFORMATION

as at 25 September 2020

Board of Directors

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor
(Independent Non-Executive Chairman)

Ooi Chin Soon
(Executive Deputy Chairman)

Tan Hing Ming @ Chin Hing Ming
(Group Managing Director)

Lee Eng Sheng
(Group Executive Director)

Razmi Bin Alias
(Senior Independent Non-Executive Director)

Loh Seong Yew
(Independent Non-Executive Director)

Ng Tiang Yong
(Independent Non-Executive Director)

Audit Committee

Loh Seong Yew
(Chairman)

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor

Razmi Bin Alias

Website

www.cwgholdings.com.my

Nominating & Remuneration Committee

Razmi Bin Alias
(Chairman)

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor

Loh Seong Yew

Company Secretaries

Ong Tze-En
(SSM PC No. 202008003397)
(MAICSA 7026537)

Leng Li Mei
(SSM PC No. 202008000276)
(MAICSA 7062371)

Registered Office / Principal Place of Business

6428 Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

Tel: 604 - 332 9299

Fax: 604 - 324 8607

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Stock code : 9423

Stock name: CWG

Share Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

Customer Service Centre
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Wilayah Persekutuan
Malaysia

Tel: 603 - 2783 9299

Fax: 603 - 2783 9222

Principal Bankers

Malayan Banking Berhad

HSBC Bank Malaysia Berhad

Hong Leong Bank Berhad

United Overseas Bank (Malaysia) Berhad

RHB Bank Berhad

Auditors

BDO PLT
(Chartered Accountants)

51-21-F, Menara BHL
Jalan Sultan Ahmad Shah
10050 Penang

PROFILE OF DIRECTORS



DSPN, DJN, PKT, PJK | Independent Non-Executive Chairman Malaysian, Male, aged 76

DATO' MOHD. JUNID BIN MOHD. NOOR @ MD NOOR

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor joined the Board of Directors of CWG ("Board") on 29 June 2017 as Independent Non-Executive Chairman. On a concurrent basis, he was also appointed as member of the Audit Committee and Nominating and Remuneration Committee.

Dato' Mohd. Junid has been with Chee Wah Corporation Berhad ("Chee Wah") since 2 January 2009 as Independent Non-Executive Director and assumed the role of Independent Non-Executive Chairman on 28 November 2012.

Dato' Mohd. Junid obtained a Teacher Training Certificate and the Specialist Teacher Training Diploma from the Ministry of Education Malaysia. He holds a Master of Science (Sports Management) Degree from the University of New Mexico, Albuquerque, USA.

He started his career as a teacher in several schools in Penang and later lectured at the Malayan Teachers Training College, Penang. He joined Universiti Sains Malaysia in 1979 as an Assistant Sports Officer and assumed the position of Head of Sports Unit in 1990, a role he held until 2004. He has held various positions with the Football Association of Penang (FAP); Honorary Secretary (2000-2004), Executive Secretary (2004-2008) and Executive Director (2009) and re-appointed as Executive Secretary (2012-2016).

Dato' Mohd. Junid has been actively involved in the management of various State, National and International Sport Associations in the following capacities:-

- (1) Elected as Executive Committee member of the Football Association of Malaysia (FAM), and appointed as Deputy Chairman of the FAM Technical and Youth Development Committee for the 2014/2018 term. Subsequently, he was reappointed as member of FAM Technical and Youth Development Committee and appointed as a Steering Committee Member of the National Football Development Programme (NFDP) under the Ministry of Youth & Sport and FAM for the 2018/2021 term.
- (2) A Committee Member of the FAM Competition Committee 2001-2010.
- (3) Malaysian U-18 National Football Team Manager AFF and AFC tournament 2011.
- (4) Malaysian U-16 National Football Team Manager (Harimau Muda U-16) AFC tournament (2009 & 2012-2016).
- (5) Appointed on 27 July 2015 as the member of the Asian Football Confederation (AFC) Technical Committee for the 2014/2016 term.
- (6) Vice President of the Penang Amateur Athletics Association (PAAA) and a member of the PAAA Disciplinary Committee.
- (7) President of the Penang Malays Tennis Association.
- (8) Represents FAP as a Council Member to Majlis Sukan Negeri Pulau Pinang for the 2015/2016 term.
- (9) A Committee Member of the Ex-State and Ex-National Football Players' Association for the 2014/2016 term.

For his numerous contributions in the field of sport, Dato' Mohd. Junid was awarded:-

- (a) Sport Leadership Personality 2009 by the Penang State Sport Council (Majlis Sukan Negeri Pulau Pinang).
- (b) Sport Leadership Personality – Sport For All 2015 (Tokoh Anugerah Sukan Untuk Semua) by The Penang State Youth & Sport Department.

Dato' Mohd. Junid does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.

PROFILE OF DIRECTORS (cont'd)



Executive Deputy Chairman Malaysian, Male, aged 57

OOI CHIN SOON

Mr. Ooi Chin Soon was appointed to the Board on 29 June 2017. He was subsequently re-designated as Executive Deputy Chairman on 28 August 2019. He also sits on the board of all subsidiaries of CWG.

He joined the Board of Chee Wah on 7 January 2016 as Group Executive Director.

Mr. Ooi holds a Diploma in Banking and Finance from AIB, United Kingdom. He began his career in the banking industry before joining a multi-national company in Singapore. Upon his return to Malaysia, he established the first digital inkjet manufacturing company and has since expanded to Indonesia through partnership.

His professional experience encompassed finance and corporate functions, business development and manufacturing operations. He owns several private companies which are involved in property, manufacturing and investment holding.

Mr. Ooi is responsible for the formulation of corporate strategies, plans for the Group and overseeing the Group's business operations.

He is also the Managing Director of Ninestar Image (Malaysia) Sdn. Bhd., a joint venture company with Zhuhai APEX Technology Co., Ltd, the largest digital imaging company in the world and a strategy partner of Legend Capital China.

Mr. Ooi does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.



Group Managing Director Malaysian, Male, aged 52

TAN HING MING @ CHIN HING MING

Mr. Tan Hing Ming was appointed to the Board on 29 June 2017 as an Independent Non-Executive Director and subsequently re-designated as Group Executive Director on 28 August 2019. On 27 November 2019, he was re-designated as Group Managing Director. He was a Board member of Chee Wah since 7 January 2016.

Mr. Tan is responsible to formulate and execute strategic projects for business growth and work closely with the Executive Deputy Chairman. Besides, he sits on the board of all subsidiaries of CWG.

Mr. Tan is a member of Malaysian Institute of Accountants (MIA) and an associate member of the Chartered Institute of Management Accountants (CIMA), United Kingdom.

He began his accounting career as an Account Executive in a hotel chain before moving into the property development and construction industry as an Internal Audit Senior in a public listed company. During his 20 over years of accounting and auditing experience, he has held various management positions with increasing responsibilities in a few public listed companies from Internal Auditor, Project Accountant, Accountant to Financial Controller. He is currently a Consultant of a firm providing advisory, accounting, company secretarial and related services.

Mr. Tan does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.

PROFILE OF DIRECTORS (cont'd)



Group Executive Director Malaysian, Male, aged 57

LEE ENG SHENG

Mr. Lee Eng Sheng was appointed to the Board on 27 November 2019 as Group Executive Director. Prior to this appointment, he served as Group Chief Financial Officer of CWG.

Mr. Lee is a graduate of Universiti Utara Malaysia with an honours degree in Accounting. He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA) and an accredited Certified Financial Planner by the Financial Planning Association of Malaysia.

Mr. Lee started his career with a multi-national company before joining a subsidiary of a public listed company as an accountant. Upon joining Chee Wah in 1992, Mr. Lee had held several key financial and management positions before his appointment to

the Board of Chee Wah on 31 December 1996. He was actively involved in the Group's initial public listing and subsequent acquisition and investment exercises.

As the Group Executive Director, Mr. Lee works closely with Group Managing Director in Group's operation and financial management functions. He also sits on the board of several other subsidiaries of CWG.

Mr. Lee does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.



Senior Independent Non-Executive Director Malaysian, Male, aged 63

RAZMI BIN ALIAS

Encik Razmi Bin Alias was appointed to the Board on 29 June 2017 as an Independent Non-Executive Director. At the same time, he was appointed as the Chairman of the Audit Committee and a member of Nominating and Remuneration Committee. On 19 September 2019, he was re-designated as the Chairman of Nominating and Remuneration Committee and a member of Audit Committee.

Encik Razmi was a Board member of Chee Wah since 9 December 2016. He was subsequently appointed as a Senior Independent Director of Chee Wah on 24 May 2017.

He holds a Diploma in Business Studies from UiTM, a Degree in Business Administration from Western Michigan University, USA and a Master in Business Administration (Finance) from Central Michigan University, Michigan, USA.

He owns several companies which are involved in financial consultancy, trading, manufacturing, agro-based products, logistics and investment holding. Prior to that, he was a senior management staff in a local financial institution for fifteen (15) years. He was appointed as Advisor to Persatuan Pengasih Malaysia in October 2019.

He is also an Independent Non-Executive Director of Can-One Berhad and Executive Director of Asdion Berhad.

He had been publicly reprimanded by Bursa Malaysia Securities Berhad on 22 September 2020 in the capacity of an Executive Director of Asdion Berhad. He had been fined RM50,000 for breaching Rule of 16.13 of the Ace Market Listing Requirements.

Encik Razmi has no family relationship with any Directors and/or major shareholders of CWG.

PROFILE OF DIRECTORS (cont'd)



Independent Non-Executive Director Malaysian, Male, aged 42

LOH SEONG YEW

Mr. Loh Seong Yew was appointed to the Board as Independent Non-Executive Director on 19 September 2019. On the same day, he was appointed as Chairman of the Audit Committee and a member of Nominating and Remuneration Committee of the Company.

Mr. Loh is a Chartered Accountant and Chartered Governance Professional who has over 19 years of relevant practical experience in finance and accounting industry. His profession has been accredited and recognised by several professional bodies. He holds Practising Certificate and a Fellow Membership of the Malaysian Institute of Accountants (MIA). He is also a Fellow Member of Association of Chartered Certified Accountants (ACCA), Professional Member of Institute of Internal Auditors Malaysia (IIA), Member of Chartered Tax Institute of Malaysia (CTIM), Member of ASEAN Chartered Professional Accountant Coordinating Committee (ACPACC), Member of Financial Planning Association of Malaysia (FPAM), and Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He is holding practising certificate issued by Companies Commission of Malaysia (SSM) to act as Company Secretary.

Mr. Loh began his professional career in 2000 when he was an audit associate at Tan & Loh Chartered Accountant (Parker Randall Loh). He later was promoted to audit senior in 2001, audit supervisor in 2003, and audit manager in 2005. During his tenure in the company, he was involved in both internal and external auditing for a broad range of industries including manufacturing, retail and wholesales, construction, property development, investment, engineering, used car, tourism and etc.

In 2006, he set up his own firm, LSY & Associates. LSY & Associates is a member firm of MIA which provides professional services such as accounting, corporate secretarial, incorporation, liquidation, assurance, management consultancy and financial planning. He later set up Total Coaching Sdn. Bhd. in 2015 and Total GS Taxation Sdn. Bhd. in 2016. Total Coaching Sdn. Bhd. is a company which provides full corporate advisory services including estate planning, wealth planning, mid-shore management, sales and services tax, risk planning and etc. Total GS Taxation Sdn. Bhd. is a license tax agent company.

He is also an Independent Non-Executive Director of Jade Marvel Group Berhad and Alpha Ocean Resources Berhad.

Mr. Loh has no family relationship with any Directors and/or major shareholders of CWG.



Independent Non-Executive Director Malaysian, Male, aged 63

NG TIANG YONG

Mr. Ng Tiang Yong was appointed to the Board as Independent Non-Executive Director on 27 November 2019.

Mr. Ng Tiang Yong has over 40 years of experience of encompassing business development and manufacturing in the printing, packaging, paper and paperboard industry. He was a member of the founding committee of the Malaysia Printers Association (Penang Branch) and he is still actively involved in this aspect.

He owns several private companies which are involved in paper trading, printing and industrial supply. In his current role as the Managing Director, Mr. Ng is responsible for implementing the business plan and policies established by the board as well as to manage the daily conduct of the business and affairs to ensure smooth operations of the company and its subsidiaries.

Mr. Ng does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.

Notes:

- i) The above Directors have no conflict of interest with CWG.
- ii) Except as disclosed in the respective Director's profile, none of the Directors has been convicted of any offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any.

PROFILE OF KEY SENIOR MANAGEMENT

OOI CHIN SOON

Executive Deputy Chairman
Malaysian, Male, aged 57

As detailed on page 7 - Profile of Directors in this Annual Report.

TAN HING MING @ CHIN HING MING

Group Managing Director
Malaysian, Male, aged 52

As detailed on page 7 - Profile of Directors in this Annual Report.

LEE ENG SHENG

Group Executive Director
Malaysian, Male, aged 57

As detailed on page 8 - Profile of Directors in this Annual Report.

GOOI BOON CHUAN

General Manager, Sales Department
Malaysian, Male, aged 55

Mr. Gooi Boon Chuan joined the Group on 1 March 1985 in Sales Department. He was later promoted to Sales Manager in March 1997. He has more than 35 years of experience in marketing and sales management. He was subsequently appointed as a Director of Campap Marketing Sdn Bhd on 1 September 2007.

He is currently the General Manager with direct reporting to the Group Executive Director on development, formulation, implementation and execution of strategic marketing plans for Malaysia, Singapore and Brunei markets.

Mr. Gooi does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.

TEOH HEE HUA

Group Financial Controller
Malaysian, Male, aged 46

Mr. Teoh Hee Hua was appointed as Group Financial Controller on 2 March 2020. He is a member of the Malaysia Institute of Accountant (MIA).

He is a graduate of University Utara Malaysia with an honours degree in Accounting. In year 2018, he was awarded a Master of Business Administration in Manufacturing and Production Management (MBAMPM) by Wawasan Open University.

He has more than 20 years of working experience in accounting, tax, audit, manufacturing operation, internal audit and corporate finance in both professional and commercial environment.

He started his career in 1999 as an Audit Assistant with Neoh WM & Lam (now known as AljeffriDean) and was involved in the audit of various industries from property development and construction to manufacturing, trading, transportation and logistics. He left the firm as an Audit Senior in year 2003, to join the commercial and manufacturing sectors where he held accounting and finance related positions with increasing responsibilities and scope of work.

Mr. Teoh leads the finance and corporate services department of the Company. He is responsible for finance, statutory reporting, corporate governance and management reporting.

Mr. Teoh does not hold any directorship in other public companies. He has no family relationship with any Directors and/or major shareholders of CWG.

Notes:

- i) The above Key Senior Management have no conflict of interest with CWG.
- ii) They have not been convicted of any offences within the past 5 years and there were no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any.

CHAIRMAN'S STATEMENT



Creative and innovative approaches to designing and producing high quality finishing products are our traits. These qualities characterised us, find favour with our end customers and set us apart as the leading manufacturer and purveyor of choice for functional and stylishly designed paper based stationery products. We are committed to constantly refine these approaches to drive our continued growth forward. On that note, I have, on behalf of the Board of Directors ("the Board") of CWG Holdings Berhad ("CWG" or "the Company"), great pleasure in presenting our Annual Report and Audited Financial Statements for financial year ended 30 June 2020 ("FY2020").

My fellow shareholders & stakeholders

It has been a noteworthy twelve (12) months. We had navigated a very challenging business environment with weaker economic conditions, transitions in our executive leadership on the home front, socio-political uncertainties and the implementation of the Movement Control Order ("MCO") in Malaysia pursuant to the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 from 18 March 2020 to curb the spread of coronavirus-19 (COVID-19) pandemic.

At this point in time, restrictions have been re-introduced in certain areas as uncertainties remain given additional waves of the pandemic. We have remained vigilant and continue to take a cautious approach in managing the challenges and associated risks in this new business norm.

Financial Review ➤

In reviewing our financial performance, I noted that we were hit by a sharp downturn in global growth as world economy (particularly our markets) was affected by the rapid spread of the COVID-19 across all regions.

There was a dip in our revenue with a 16.4% drop or RM16.650 million compared with RM101.555 million reported for FY2019 resulting from lower contribution from our presence's regions globally. As a result, our profit before tax ("PBT") by lower RM3.589 million or 51.5% to RM3.378 million for FY2020 as our business cost savings initiatives across all business activities was insufficient to mitigate the fallout from a shrinking top line.

The year under review was important to the Group as we fast-tracked our efforts on product development and production efficiency and grow our market presence both locally and abroad in line with our long-term strategies despite the challenges and new business norm. Our efforts are underlined by our continuous delivery of high-quality finishing products that find favour with end consumers time after time. Our brand promise of "Inspiring Ideas" sums succinctly what we go all out to deliver – developing new products that will inspire ideas creations in our end users. We will continue to uphold this brand promise.

Dividend ➤

We have consistently paid dividends in the recent years whilst being mindful of the need to balance reward to shareholders with continued reinvestment in our business to deliver long term growth. A first and final single tier dividend of 0.5 sen per ordinary share (FY2019: 1.5 sen) is recommended for approval by shareholders at the upcoming annual general meeting with the lower dividend pay-out corresponding to a lower profit after tax position. It is part of the Board's commitment to share rewards arising from our financial performance with our valued shareholders. It is also a gesture of appreciation for your continued trust and confidence in the Group.

Corporate Governance ➤

The Board is a firm believer that good governance is essential for us to effectively deliver on our business strategy and generate sustainable value for all our stakeholders. We continuously review our Board dynamics and the changes to our composition during the year has helped to ensure that we achieve the right balance of experience, expertise and fresh thinking.

The Board also welcomed the new provision on corporate liability for corruption offences under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which came into effect on 1 June 2020. The provision ties in with our corporate belief to always uphold and conduct our business in an ethical manner. We have in place anti-bribery and corruption practice which is applicable to all Directors, employees as well as third parties. This practice also complements our Code of Conduct which provides guidance on ethical behaviour in our dealings.

CHAIRMAN'S STATEMENT (cont'd)

Directorate ➤

On behalf of the Board, I would like to express my gratitude to Mr. Khor Say Beng for his services as Group Managing Director over these years.

On 27 November 2019, Mr. Lee Eng Sheng returned to the Board as Group Executive Director and we also welcomed Mr. Ng Tiang Yong on board as Independent Non-Executive Director. Mr. Ng's presence lends a needed industry oriented independent view to our board discussions.

At the same time, the Board and I thanked Mr. Ooi Chin Soon and Mr. Tan Hing Ming for ensuring a smooth executive leadership transition from Mr. Khor, leading our management team and employees particularly as we go through the new business norm affected by the pandemic.

Appreciation ➤

Frankly, the support of many, from our employees, regulatory bodies to customers and business partners, has been instrumental in seeing the Group through a tumultuous year to deliver yet another set of positive results. In an increasingly competitive market landscape, we have innovated our work processes and collaborative efforts to work more efficiently and deliver new and innovative products with minimal fuss.

To our shareholders, the Board thanked you for your confidence and belief in our strategy to be a strong leading purveyor of paper based stationery. We remain optimistic that our new growth strategy will continue to reward you in the long-term future. I would like to take this opportunity to acknowledge my fellow Board members' counsel, shared wisdom and guidance in steering our Group forward.

Last but not least, my heartfelt gratitude and appreciation to our management team and employees, for their dedication and support in completing a most challenging year. We look forward to your continued support in CWG Group.

DATO' MOHD. JUNID BIN MOHD. NOOR @ MD NOOR
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS ➤

CWG Holdings Berhad ("CWG" or "the Company") is an investment holding company with subsidiaries ("CWG Group" or "the Group") involved in the manufacturing and sale of premium quality paper stationery.

We have had a humble beginning some 60 years ago as a small trading front. Today, the Group is a fully integrated manufacturer and renowned market leader for premium quality paper based stationery. Our products are marketed and sold nationwide through an extensive distribution network comprising of wholesalers and retailers that included prominent hypermarket chains, bookstores, specialty stores and supermarkets. On the global front, our products are exported to around 58 countries in the Asian, Oceania, Europe, Africa and America regions, under Original Brand Manufacturing (OBM), Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) arrangements.

We have not been resting on our laurels. We constantly explore opportunities, be it by tapping into leading edge technology or improvement to our processes, to design and deliver innovative products to meet the needs and demands of our discerning customers.

Through all the focus on growth, we are committed to carry out our business and operational activities in a sustainable manner by incorporating various elements of economic, environmental and social ("EES") practices systematically into our operating structure and management processes.

As export markets become main contributors to Group revenue, the Group maintains and constantly builds up its relevance and visibility through its in-person or virtual participation in the international trade fairs and exhibition for new market penetration, market and product development as well as showcasing the Group's products range on the world market.

During the financial year ended 30 June 2020 ("FY2020"), the Group set up booth and sent representatives to the premier Creativeworld 2020 in Frankfurt, Germany from 25 to 28 January 2020. Following closure of international border, we participated, through one-on-one video meetings, in the School & Office Expo (SCOFEX 101) held throughout May and June 2020.



➤ *Creativeworld 2019, Frankfurt, Germany (25 to 28 January 2020)*

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL PERFORMANCE REVIEW >

FY2020 was a very challenging period for the Group, socio-political tensions had affected local business and market sentiments while uncertainties from challenging economic environment beset by global trade tensions and geopolitical hostilities had impacted overall global sentiments and the markets that the Group has presence. Towards the end of the financial year under review, global growth experienced a sharp downturn due to the rapid spread of the coronavirus disease-19 ("COVID-19") which necessitated the implementation of lockdown (in various forms) and social distancing measures in many major economies including Malaysia.

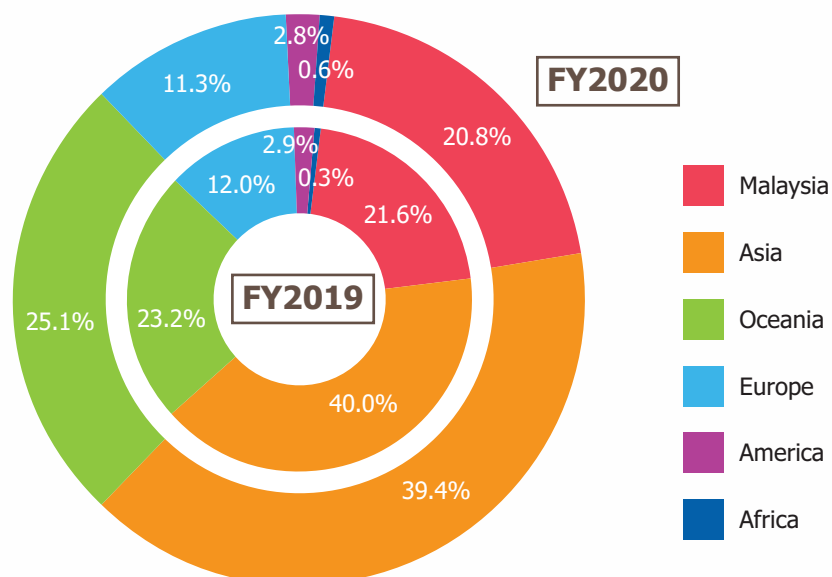
The Group was not spared with revenue hit by a 16.4% drop or RM16.650 million compared with RM101.555 million reported for FY2019. The drop resulted from lower contribution from our presence's regions globally, especially from Middle East Countries as reported in Asia Region.

The Group's revenue analysis by geographical areas for FY2020 is illustrated below:

Country/Regions	FY2020 RM'000	FY2019 RM'000	Increase/ (Decrease) RM'000	%
Malaysia	17,678	21,914	(4,236)	(19.3)
Asia	33,438	40,630	(7,192)	(17.7)
Oceania	21,302	23,536	(2,234)	(9.5)
Europe	9,579	12,233	(2,654)	(21.7)
America	2,414	2,981	(567)	(19.0)
Africa	494	261	233	89.3
Total Export	67,227	79,641	(12,414)	(15.6)
Total Revenue	84,905	101,555	(16,650)	(16.4)

In analysing contribution by geographical locations, the ranking of revenue contribution mirrored that as reported in FY2019. During FY2020, Asian region (excluding Malaysia) remained the key revenue contributor with 39.4% (FY2019: 40.0%) followed by Oceania with 25.1% (FY2019: 23.2%) while domestic market is ranked third at 20.8% (FY2019: 21.6%).

Revenue by Geographical Area (%)



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

The year-on-year analysis of Consolidated Statement of Profit or Loss and Other Comprehensive Income is as illustrated:-

	FY2020 RM'000	FY2019 RM'000	Change RM'000	%
Revenue	84,905	101,555	(16,650)	(16.4)
Cost of sales	(66,147)	(75,455)	(9,308)	(12.3)
Gross Profit	18,758	26,100	(7,342)	(28.1)
Other operating income	1,125	1,257	(132)	(10.5)
Selling and distribution costs	(5,178)	(5,847)	(669)	(11.4)
Administrative and general expenses	(7,453)	(10,330)	(2,877)	(27.9)
Earnings Before Interest, Taxes, Depreciation and Amortisation	7,252	11,180	(3,928)	(35.1)
Depreciation	(3,607)	(3,638)	(31)	(0.9)
Finance costs	(267)	(575)	(308)	(53.6)
Profit Before Tax	3,378	6,967	(3,589)	(51.5)
Tax expense	(801)	(1,779)	(978)	(55.0)
Profit for the Year	2,577	5,188	(2,611)	(50.3)

In tandem with the lower revenue, cost of sales shrank to RM66.147 million from RM75.455 million reported for FY2019. Notwithstanding that, percentage of cost of sales against revenue increased to 77.9% against 74.3% for FY2019. Essentially, this meant that the Group had to absorb fixed overheads even though revenue closed lower in FY2020 impacted by closure imposed by the mandatory lockdown.

The shrinking of selling and distribution costs was in tandem with lower revenue as well as savings in transportation cost. Administrative and general expenses decreased by 27.9% mainly due to reduction in operating expenses through cost rationalisation exercise. Finance costs shrank further by 53.6% resulting from minimisation of capital expenditure thus leading to improvement in cash flow position.

The cost rationalisation exercise across all business activities has improved our financial efficiency but still insufficient to mitigate the fallout from a shrinking top line resulting in lower profit before tax ("PBT") by RM3.589 million or 51.5% to RM3.378 million. Tax expense for FY2020 was lower in line with lower PBT resulting from lower revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position of the Group

	FY2020 RM'000	FY2019 RM'000	Change RM'000	%
Total assets	110,127	108,299	1,828	1.7
Non-current assets	35,244	38,059	(2,815)	(7.4)
Current assets	74,883	70,240	4,643	6.6
Borrowings	10,018	6,894	3,124	45.3

The Group's total assets were RM110.127 million and RM108.299 million as at FY2020 and FY2019 respectively with the marginal increase contributed by increase in cash and cash equivalents classified under current assets. Non-current assets, which comprised property, plant and equipment ("PPE") of RM28.341 million (FY2019: RM38.059 million) and right-of-use assets of RM6.903 million (FY2019: nil), accounted for 32.0% (FY2019: 35.1%) of total assets. The decrease in non-current assets was mainly due to depreciation charge of about RM3.608 million for the financial year under review with no major capital expenditure incurred.

The Group's cash and cash equivalents stood at RM14.597 million, a 70.7% increase compared to RM8.552 million in FY2019 mainly due to conserving cash and cash generated from operations.

During FY2020, bank borrowings increased by 45.3% to RM10.018 million as compared to preceding financial year. The bank borrowings are made up solely of trade related short term borrowings for working capital purpose. In line with the Group's prudent financial management policy, the Group was able to record a net cash position of RM4.158 million for current financial year under review.

Cash Flows

	FY2020 RM'000	FY2019 RM'000	Change RM'000	%
Net cash from operating activities	5,254	12,959	(7,705)	(59.5)
Net cash from/(used in) investing activities	46	(511)	557	109.0
Net cash from/(used in) financing activities	761	(8,671)	9,432	108.8
Net increase in cash and cash equivalents	6,061	3,777	2,284	60.5

Cash flows from operating activities totaled RM5.254 million as compared to RM12.959 million in FY2019 with the decrease attributed to lower operating profit before changes in working capital and higher tax paid.

Cash flows from investing activities of RM0.046 million were mainly generated from interest received and proceed from disposal of PPE of RM0.277 million and RM0.298 million respectively after deducting capital investment of RM0.529 million.

Cash flows from financing activities of RM0.761 million were contributed mainly by increase in net proceeds from short term borrowings of RM4.641 million after deducting RM3.880 million to account for dividend paid, interest paid, purchase of treasury shares and repayment of term loan and lease liabilities. On the other hand, the negative cash flows of RM8.671 million in FY2019 were mainly caused by repayment of short term borrowings and hire purchase facilities.

On the overall, the Group has boosted cash and cash equivalents by 60.5% to RM6.061 million at the close of FY2020 as compared to RM3.777 million in preceding financial year. The strengthening of the cash flow position will allow the Group to move from a position of strength to launch any expansion plans going forward.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

DIVIDEND ➤

	2016	2017	2018	2019	2020
Number of shares^ ('000)	42,097	126,290	126,290	126,290	(Proposed) 125,796
Dividend per share (sen)	3.50	1.50	1.50	1.50	0.50
Total dividend (RM'000)	1,473	1,894	1,894	1,894	629
Group's profit for the financial year (RM'000)	6,967	6,446	6,575	5,188	2,577
% of dividend on Group's profit	21.1%	29.4%	28.8%	36.5%	24.4%

^ Excluding treasury shares

CWG has not adopted any dividend policy as of now. Nonetheless, the Board recognises dividend payout as an important element in enhancing shareholders' value and to reward for their loyalty and confidence on the Group.

The Board determined the payment of dividend after considering, among others, level of cash, return on equity and retained earnings, gearing, expected financial performance, any contractual obligations, working capital requirements, projected levels of capital expenditure and other investment plans.

The Board has recommended a first and final single tier dividend of 0.5 sen per ordinary share in respect of FY2020, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The total proposed dividend for FY2020 would total RM0.629 million, equivalent to 24.4% of CWG Group's net profit for the financial year.

ANTICIPATED RISKS ➤

Exposure to credit risk

The Group's exposure to credit risk arises primarily from trade receivables. It is the Group's objective to seek continuous revenue growth while minimising losses from impairment and bad debts by assessing and approving credit terms on a case-by-case basis after taking into account payment track record, financial standing, length of business relationship as well as size and frequency of transaction.

Our collections from customers are closely monitored on an on-going basis by the credit control team. As part of credit risk management procedure, we normally request for cash on delivery or document against payment at sight for new customers and will assess their credit standing before granting any credit terms.

High inventory level

When inventory level goes up, there is possibility of exposure to higher holding cost as well as lowering of efficiency in warehouse management. There is also the associated risk of fluctuation in paper price which could affect the costing of our products. Our Group has mitigated this risk through proper material planning and close monitoring of the fluctuations in paper prices. In addition, the Group has also initiated efforts in product development that would utilise slow moving raw materials to lower inventory level.

Foreign exchange risk

Our Group is exposed to foreign exchange risk as certain sales and purchases are transacted in foreign currencies. A large portion of the Group's export revenue are transacted in USD and any significant fluctuations in the exchange rates between RM and USD could have significant impact on the financial position and operating results of the Group. As a mitigating measure, the Group has adopted natural hedging policy to minimise the impact arising from foreign exchange fluctuations. The Group also considers selling forward foreign currency when necessary based on the expected collection from export proceeds and keeping abreast of the economic and political situation of the countries that we do business in.

Fluctuations in raw materials prices

Our Group is exposed to fluctuation in raw material prices mainly for paper which is sourced from suppliers both local and abroad. The volatility of the paper price creates uncertainty whereby these fluctuations in cost of raw materials may affect the costing of our finished goods.

In mitigation, the Group works closely with selected key suppliers to secure long term supplies and also observe closely raw material price fluctuations. We will also refine product pricing strategy in addition to improving manufacturing efficiencies, thereby contributing to increasing the Group's profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OUTLOOK AND FUTURE PROSPECTS ➤

As we step into the next financial year, we can expect our operating environment to face new challenges arising from the Covid-19 pandemic, volatility in exchange rates of key foreign currencies against RM coupled with intense competition as well as possible renewal of lockdown in certain markets.

The pandemic, which caught nations across the world by surprise, has inflicted substantial economic disruptions as most countries, including Malaysia, had to take unprecedented control measures to contain its spread within their borders. In its efforts to break the transmission of the virus, the Malaysian Government imposed Movement Control Order ("MCO") under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 starting from 18 March 2020. Amongst measures implemented were closure of our international border to foreigners and Malaysian are not allowed to leave the country. This has impacted and would continue to affect our business as no business trips could be undertaken.

Nevertheless, foreseeing possible uncertainties within our operational environment, we have begun digital and technological transformation of our operations and business activities with the aims to innovate our work processes for faster and more efficient collaboration, and deliver more value in product development to optimise customer experience. Collaboration tools facilitate seamless internal communication and business processes as the Group's office workforce migrated to remote working environment.

We are repositioning our operational and marketing strategies and explore new business channels to grow our top line. Some of the ongoing initiatives included investment in an integrated enterprise wide resource planning software and e-commerce marketing through the creation of our own online portal and building a substantial presence of our products on various social media channels and online platforms.

Another is the large-scale automation of our manufacturing capabilities. This realignment, from hardware to software, all the way from planning, production to quality management, inventory management and sales is a realignment of our operational resources that will add a little spring in our steps to be more nimble and able to scale our operations efficiently to meet business requirements in the face of challenges of running business in the new norm.

All these initiatives are in step with our cost management yardstick which are to ensure sustainable value creation from our investments into instruments of change to be more nimble going forward. We believe that with these approaches in place together with prudent financial management, the Group will have enhanced its business competitiveness to be able to meet any challenges ahead with agility and resilience in order to deliver a stronger bottom line.

Our human capital is the engine of our continued growth and the energy firing all our sustainability initiatives. We continued to invest in their safety and health by strict adherence to and enforcement of the implemented health and safety protocols recommended by Government to curb the spread of Covid-19 pandemic. The work from home approach is available to our office workforce to ensure social distancing within the office environment. Together, we will be able to sustain our business operations for the benefits of all and maintain our position as the premier manufacturer of choice.

Our prudent approach, continued financial strength, strong core competencies and flexible business structure stand us in good stead. As such, the Board remains cautiously optimistic that the prospects of the Group would still be favourable and we will get through the challenges going forward to deliver yet another set of positive results in the coming year.

GROUP FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 30 JUNE				
	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
A) INCOME					
Revenue	92,352	100,712	105,415	101,555	84,905
Profit before tax and interest	10,301	9,927	8,396	7,542	3,645
Profit before tax	8,888	8,525	7,564	6,967	3,378
Profit attributable to owners of the parent	6,967	6,446	6,575	5,188	2,577

B) FINANCIAL POSITION					
Assets					
Total assets	91,870	100,352	118,566	108,299	110,127
Current assets	51,001	60,715	77,941	70,240	74,883
Liabilities and Shareholders' Equity					
Current liabilities	30,948	35,310	28,911	16,669	19,449
Borrowings	25,528	23,465	12,897	6,894	10,018
Borrowings, net of cash	23,285	20,036	8,104	–	–
Lease liabilities	–	–	–	–	421
Paid-up share capital	42,097	42,097	63,145	63,145	63,145
Treasury shares	–	–	–	–	146
Equity attributable to owners of the parent	51,112	56,084	81,813	85,017	85,554

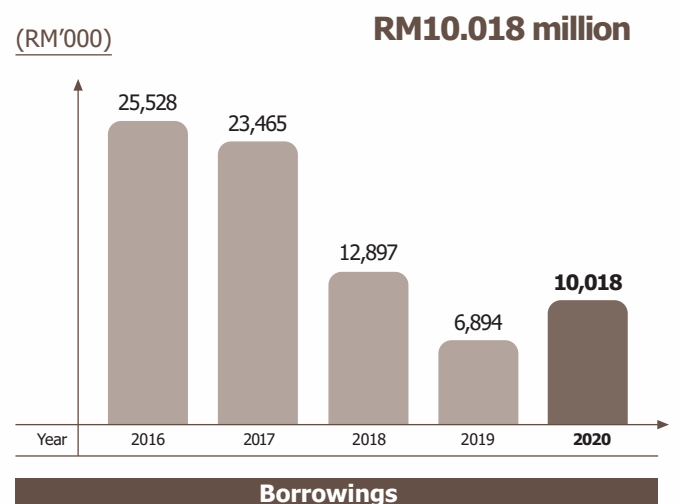
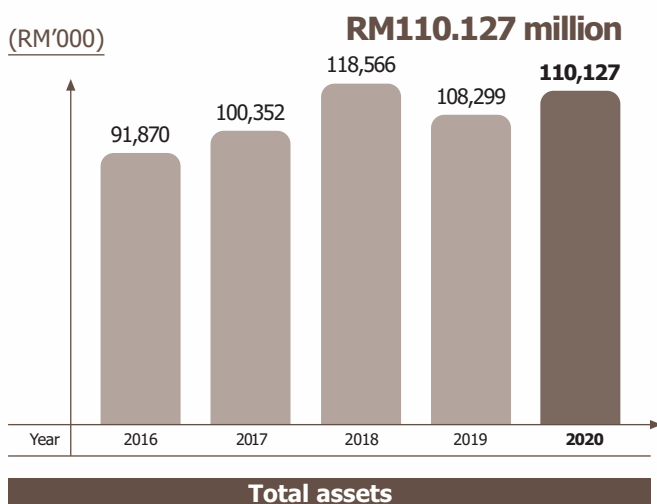
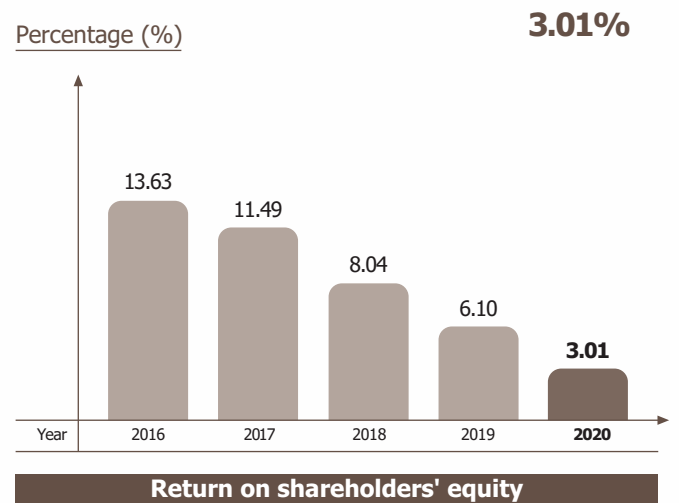
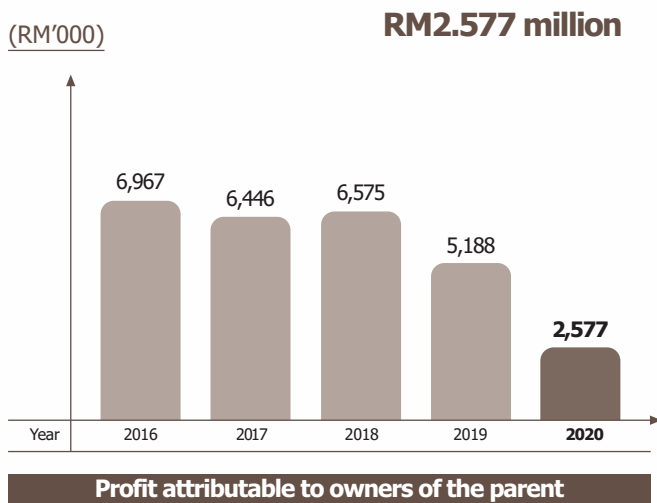
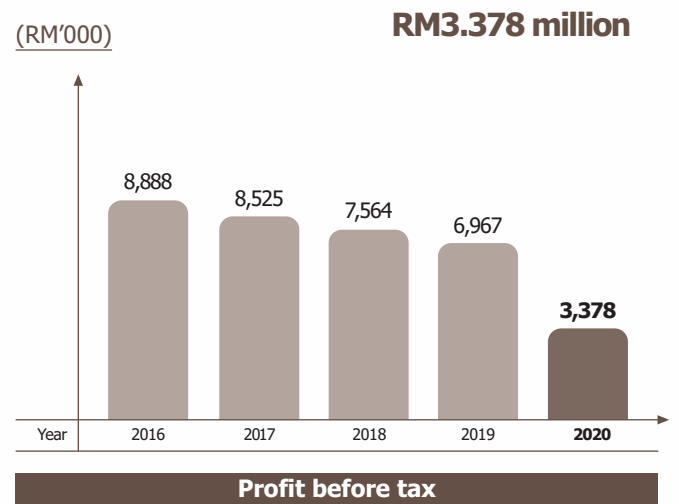
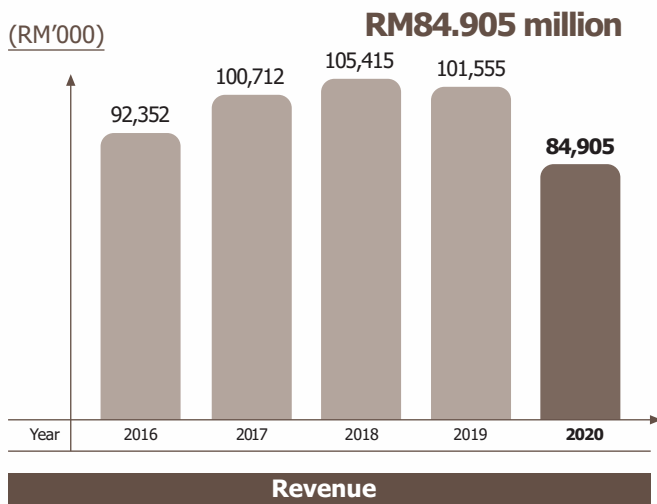
	2016	2017	2018	2019	2020
C) SHARE INFORMATION AND VALUATION					
i) Share Information					
Number of shares [^] ('000)	84,193	84,193	126,290	126,290	125,796
Weighted average number of shares [^] ('000)	85,035*	85,035*	116,570	126,290	126,136
Market capitalisation (RM'000)	50,516	58,935	60,619	51,147	37,110
Per Share					
Earnings (sen)	8.19*	7.58*	5.64	4.11	2.04
Net assets (RM)	0.61	0.67	0.65	0.67	0.68
Share price					
- Year high (RM)	0.99	0.80	0.77	0.54	0.51
- Year low (RM)	0.24	0.58	0.47	0.40	0.24
- As at 30 June (RM)	0.60	0.70	0.48	0.405	0.295
ii) Valuation					
Price to earnings multiple (times)	7.3	9.1	8.5	9.9	14.5
Price to book multiple (times)	0.99	1.05	0.74	0.60	0.43

D) FINANCIAL RATIOS					
Return on total assets (%)	7.58	6.42	5.55	4.79	2.34
Return on shareholders' equity (%)	13.63	11.49	8.04	6.10	3.01
Current ratio (times)	1.65	1.72	2.70	4.21	3.85
Debt-to-equity (times)	0.50	0.42	0.16	0.08	0.12

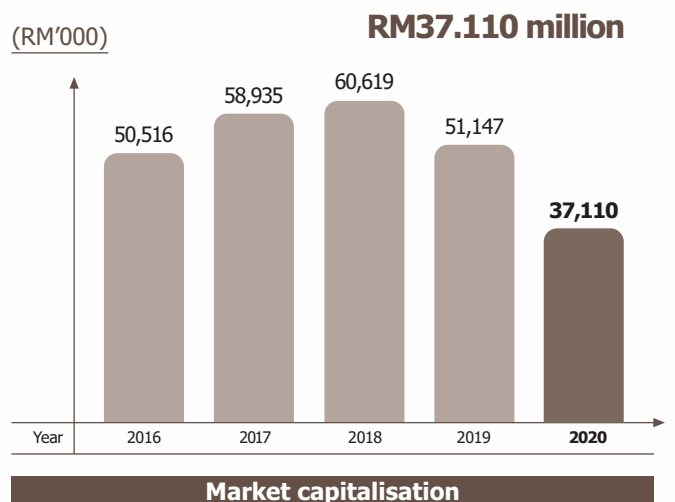
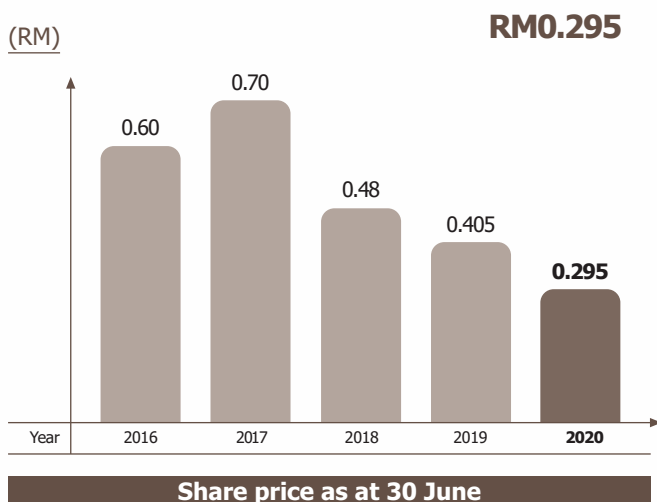
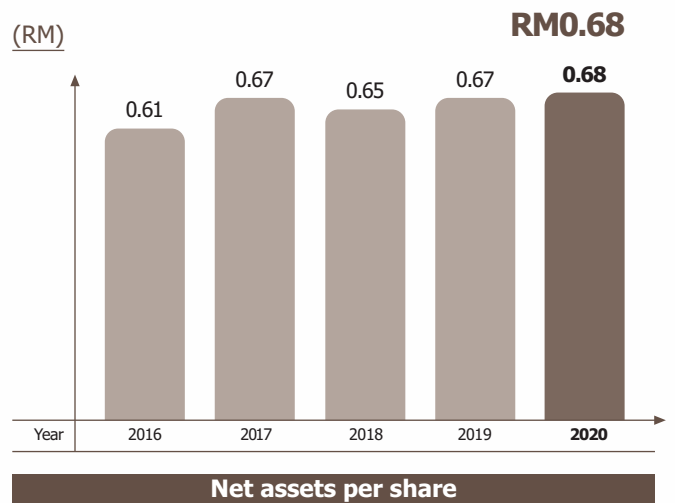
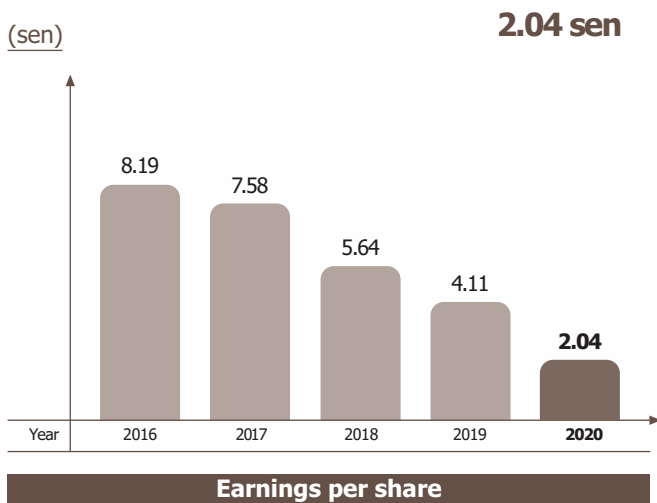
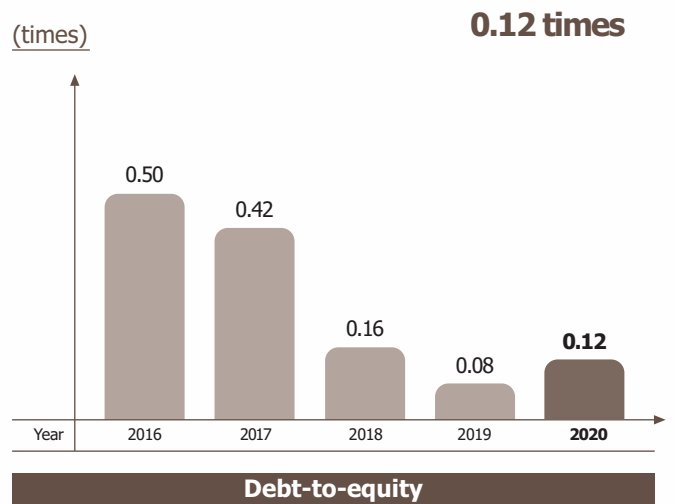
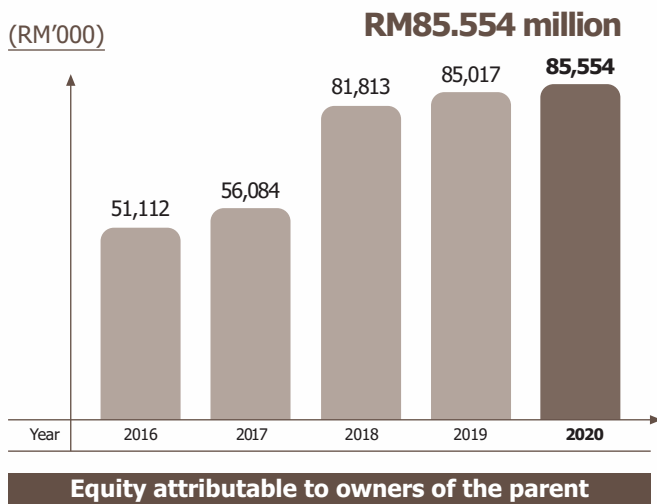
[^] Excluding treasury shares

* Restated to reflect the bonus element of rights issue undertaken during the financial year ended 30 June 2018.

GROUP FINANCIAL HIGHLIGHTS

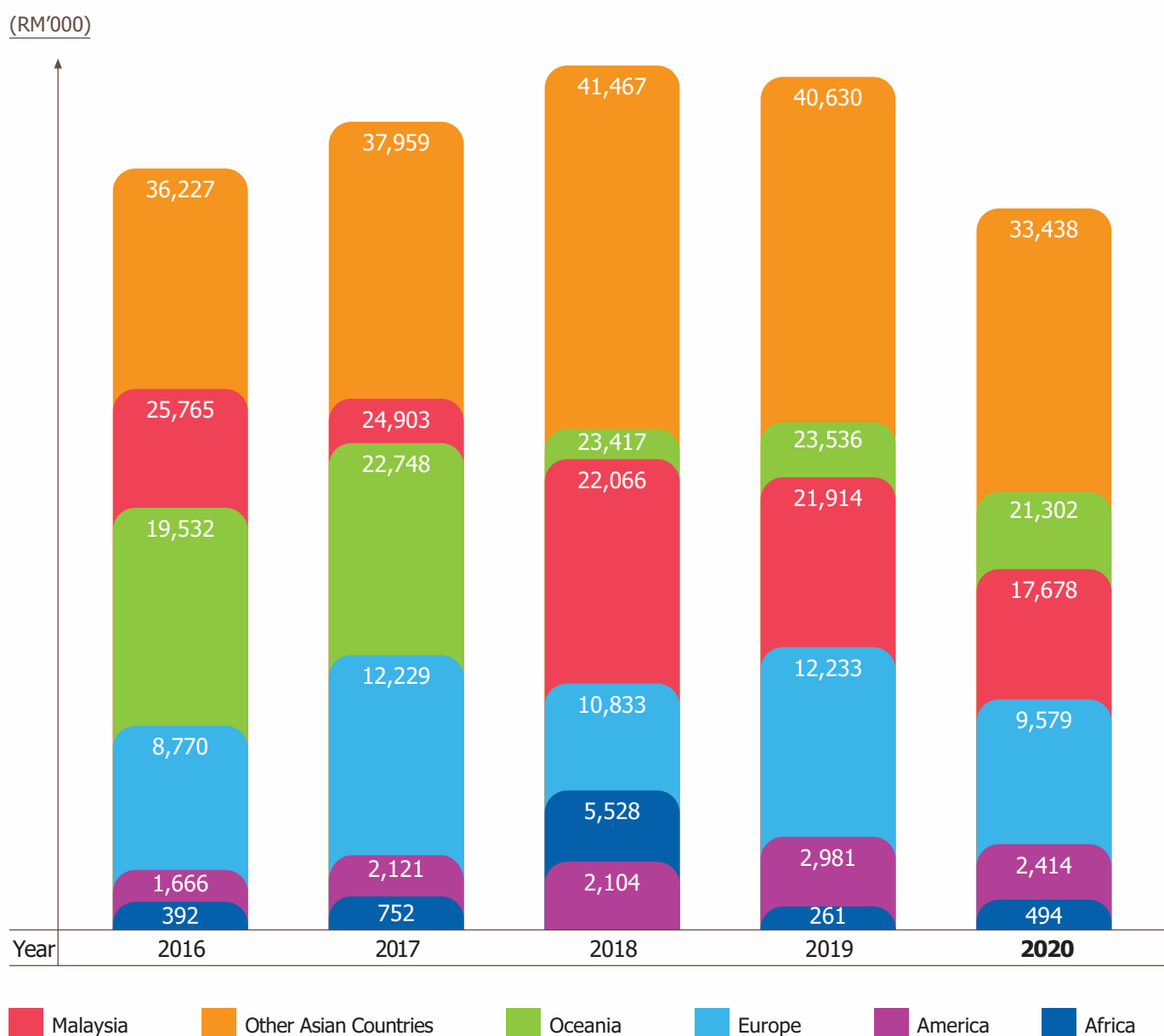


GROUP FINANCIAL HIGHLIGHTS (cont'd)



MARKET SEGMENTATION - REVENUE

Market Segment		FINANCIAL YEAR ENDED 30 JUNE				
		2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
1	Malaysia	25,765	24,903	22,066	21,914	17,678
2	Other Asian Countries	36,227	37,959	41,467	40,630	33,438
3	Oceania	19,532	22,748	23,417	23,536	21,302
4	Europe	8,770	12,229	10,833	12,233	9,579
5	America	1,666	2,121	2,104	2,981	2,414
6	Africa	392	752	5,528	261	494
		92,352	100,712	105,415	101,555	84,905



SUSTAINABILITY STATEMENT

Introduction >

CWG Holdings Berhad ("CWG") and its subsidiaries ("the Group" or "CWG Group") have grown their business activities from trading in the early years to a fully integrated manufacturing and distribution specialist well known for its wide range of premium quality paper-based stationery. The Group is also involved in supply and distribution of non-paper based stationery, gift paper as well as pre-school educational materials.

CWG Group embraces sustainability as an essential part of our daily business. In order to survive in this challenging environment and create value to its stakeholders in the long run, the Board of Directors ("the Board") acknowledges that businesses should not be judged merely by its financial performance but also through its actions vis a vis sustainability. The Board remains committed to carry out its activities in a sustainable manner and to improve its business via a structured and systematic management processes, which includes considerations of the economic, environmental and social ("EES") risks and opportunities of the business.

This Sustainability Statement is prepared in line with the requirements outlined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and has also considered the Sustainability Reporting Guide - 2nd Edition, including its accompanying Toolkits, issued by Bursa Malaysia.

Sustainability Governance Structure >

The Group has established a Sustainability Working Committee ("SWC") on 28 August 2019, helmed by the key senior management as well as heads of department as Committee members. The SWC is to assist and report directly to the key senior management on sustainability matters faced by the Group.

The SWC is responsible for identifying the material sustainability matters ("MSM"), managing and reporting on the progress against sustainability strategy, plans and budgets to key senior management, as the case may be. The key senior management is to provide oversight and review to the Group's sustainability performance and reporting.

Stakeholder Engagement >

Stakeholder engagement is the process through which we stay connected with our customers, employees, shareholders/investors, suppliers, government and regulatory authorities, and the wider communities in which we operate. We believe that the approach of stakeholder engagement is integral to the development of our sustainability strategy, and is also a pre-requisite for our long-term sustainable growth.

We continuously engage our stakeholders through various platforms to gain insight into their interests and concerns on sustainability matters:

Stakeholder Group	Areas of Interest and Concern	Engagement Approach
Customers	<ul style="list-style-type: none"> Product design Product quality On-time delivery Pricing 	<ul style="list-style-type: none"> In-house Creative and Product Development team Quality management and assurance Monitoring the production progress Regular customer visitation Participation in trade exhibition
Employees	<ul style="list-style-type: none"> Benefit and remuneration Career development Occupational health and safety 	<ul style="list-style-type: none"> Employment contract Recreational activities Monthly birthday celebration Staff appraisal Training programme Management meetings
Shareholders/Investors	<ul style="list-style-type: none"> Group's financial performance Return on investment Business strategy Corporate governance 	<ul style="list-style-type: none"> Annual General Meeting Annual Report Announcements in Bursa Malaysia Company's website

SUSTAINABILITY STATEMENT (cont'd)

Stakeholder Group	Areas of Interest and Concern	Engagement Approach
Suppliers/Vendors	<ul style="list-style-type: none"> Material sourcing On-time delivery Pricing 	<ul style="list-style-type: none"> Site visits Meetings Half-yearly vendor evaluation
Community	<ul style="list-style-type: none"> Impact of business operations Contribution to local community 	<ul style="list-style-type: none"> Corporate social responsibility programmes
Government and Regulatory Authorities	<ul style="list-style-type: none"> Legal and regulatory compliance Corporate governance 	<ul style="list-style-type: none"> Compliance with local authorities Policies Regulatory compliance training

Scope and Approach to Sustainability >

The reporting scope of this Sustainability Statement covers our business activities which are carried out by the Group's key operating subsidiary. It accounts for approximately 95% of the Group's revenue and its sustainability performance for the financial year ended 30 June 2020.

In identifying the MSM, we have considered EES risks and opportunities based on the following two (2) aspects:

- if the EES matters reflect the Group's significant EES impact; and
- if the EES matters substantively influence the assessments and decisions of the Group's stakeholders.

According to our assessment, the significant MSM is identified and classified into three (3) board categories as follows:

Economic	Environmental	Social
<ul style="list-style-type: none"> Product design and quality Supply chain management Branding and intellectual property 	<ul style="list-style-type: none"> Certification on Forest Stewardship Council Waste management Lean manufacturing 	<ul style="list-style-type: none"> Occupational safety and health Human capital development Employee welfare Community

Economic >

Product Design and Quality

As the leader in manufacture of stationery products, we strive to develop, design and supply best quality stationery products to our customers.

In order to keep pace with the rapid changing market place and stand out from competition, we have an in-house design team, namely Creative and Product Development. The designers regularly enhance their knowledge and design creativity to innovate the product to suit customer demands.

The Group has been certified with ISO 9001:2015 in Quality Management System for upholding the best quality standards of our stationery products. We have implemented a quality management system framework to set up quality assurance policies and procedures to address the product quality and reliability on a regular basis, as well as improve the work efficiency.

We pay great heed towards quality control ("QC") and quality assurance ("QA"). A dedicated team for QC and QA serves as gatekeepers to ensure high standards of operating procedures are adhered to, from the process of raw material selection to the final packaging of finished products, so as to ensure the quality of every batch of our production meets the quality standards consistently.

SUSTAINABILITY STATEMENT (cont'd)

Our marketing and sales teams constantly engage with our customers and promptly respond to the customers' needs in term of quality, service, delivery and pricing. Customer Satisfaction Survey Questionnaire is conducted annually in order to enhance our overall customer relations and continuous improvement on our stationery products for sustainability growth of businesses.

With our continuing efforts for meeting customers' expectation, we also offer ODM (Original Design Manufacturer) and OEM (Original Equipment Manufacturer) arrangements for our discerning clients. Our two (2) decade-old partnership with Disney have been rewarding with us being granted rights to develop distinctive designs for products under their brands.

Supply Chain Management

The Group views supply chain management as a key factor contributing to the Group's business sustainability, coordinating the Group's operations from the sourcing of raw materials, production activities, to logistics and delivery of finished goods to customers. Our supply chain management system is complemented by a designated system, which facilitates an effective production planning and logistics scheduling for the Group's business.

Our raw materials are supplied from local and overseas market. We ensure to achieve this by building a long-term relationship with our suppliers based on a mutual trust. All purchases made by the Group are handled by procurement team in a fair, objective and professional manner. We work closely with our approved suppliers and regularly assess their performance. Quotations from various suppliers are obtained to ensure the competitiveness of the pricing. The QA and QC team performs checking on every batch of raw materials received by the suppliers. This is to ensure the quality and specification meet the Group's production requirement.

We committed to produce high quality products in meeting customers' demand through continuous upgrading our technology and manufacturing process. Printing machines with highly automated technology and partial automation are applied in the production process to minimise human error and to enhance productivity. Additionally, an in-house system is adopted in the production process to enable better monitoring and tracking of production process.

The logistics function is to monitor the shipment closely so as to ensure timely delivery to the customers. Moreover, there is a conveyor system implemented in the logistics department. It is an automated storage and retrieval system which enables the Group in achieving workload reductions and cost savings.

Branding and Intellectual Property

Riding on the outstanding performance of our products, CWG Group has introduced CAMPAP (an abbreviation of Camel Paper Products) range of products. CAMPAP has been a roaring success as its more contemporary designs appeal to a wide range of consumers from schools, universities to home and offices. Our Camel Paper Products brand was conferred the Superbrands Malaysia 2003/2004 award in 2003 and for CAMPAP in 2005.

With growing recognition of CAMPAP brand, the Group has expanded the product range to embody a wide array of stationery item. We launched a new brand of product range, namely "Arto by Campap", offering high end art and craft based paper products in year 2016, and "A-series" emphasising high-grade and elegant stationery paper products in year 2019.

Over the years, we have been actively participating in various international trade fairs so as to enhance the Group's visibility and our product brand recognition in local and global markets. Our continuous effort in building CAMPAP brand recognition had garnered the Group the BrandLaureate BestBrands Award 2018-2019 by the Asia Pacific Brands Foundation on 27 June 2019. CAMPAP has been recognised as brand leadership in consumer stationery.

SUSTAINABILITY STATEMENT (cont'd)

On top of that, the Group had on 18 November 2019, received Most Promising Award at the Gala Night of Export Excellence Award 2019 ("EEA"). EEA was organised by Star Media Group Berhad, in partnership with Standard Chartered Bank Malaysia Berhad, to recognise and show appreciation to Malaysia's exporters. EEA also serves as a platform for Malaysia's exporters to showcase their capabilities, seek to inspire and encourage more local and multinational businesses to promote Malaysian products or services to the world and to a large extent, build Malaysia's economic sustainability.



➤ The Group's wholly-owned subsidiary, Chee Wah Corporation Berhad received the Most Promising Award at the Gala Night of Export Excellence Award 2019 held at EQ Kuala Lumpur on 18 November 2019.

Intellectual property ("IP") is valuable asset and crucial for our sustainable business growth. We are devoted to protecting our own IP rights, whilst respecting the IP rights of others as well. Hence, we had registered selected trademarks locally and internationally in selected markets. Without our permission, third party cannot own or display any related IP. We will take legal actions for any violations of IP rights or misuse of our IP.

Environmental ➤

Certification on Forest Stewardship Council

Forest Stewardship Council ("FSC") is one of several third-party organisations operating an international forestry and woodlands certification program. It aims to conserve the environment found in forests and woodlands appropriately and promote the management of forests and woodlands in a manner that is socially beneficial for local communities and economically sustainable. Chain of Custody certification constitutes the certification of the management of the processes of processing and logistics.

Given that our key operating subsidiary, Chee Wah Corporation Berhad ("Chee Wah") is one of the largest paper-based products manufacturer in Malaysia, we are aware that our production could have negative impacts towards mother nature. We are committed to minimising the potential environmental impacts from our operations.

Chee Wah has obtained the FSC's Chain of Custody Certification since 2010. An audit is carried out on a yearly basis, and Chee Wah continues to maintain FSC certification. Selected products of Chee Wah are manufactured and complied with FSC requirements.

The scope of certification accredited to Chee Wah includes purchase of FSC 100%, mix and recycled paper and paper board, cutting and printing (transfer system) sales of FSC 100%, mix and recycled paper and printed matters.

SUSTAINABILITY STATEMENT (cont'd)

Waste Management

Operations are built on a basis of governance procedures to ensure sound environmental steps are taken in our daily operations. CWG assure that all relevant regulatory requirements are being adhered to throughout the entire operations chain.

On the shop floor, proper waste management practices are adhered to ensuring that harmful elements from inks and other liquid by-products from our printing and ancillary services are removed prior to disposal in line with environmental requirements as determined by the regulators. Waste water is treated to ensure that the water is free from chemical before it is released and returned to the environment to be a vital natural resource.

Waste paper produced in the manufacturing area is disposed to our vendor who has been contracted to collect waste paper and handle waste disposal.

We comply with all relevant and applicable laws and regulations pertaining to waste management. During the financial year, there were no fines or reprimands imposed on the Group's operations in relation to waste management matters.

In addition, the Group continuously educates its employees to promote recycling habits and shape the mindset to go green and make recycling as an integral part of our everyday life. A recycling station is located at the production site. Trash is segregated and classified for recycling purpose.

Lean Manufacturing

In order to further improve our production efficiency and flexibility, our manufacturing team has been implementing lean manufacturing principles over the years. The idea of lean manufacturing is to add value at each production stage while reducing the job handling time in each process and increasing the flexibility for production.

We invested in our production facilities, such as advance printing machines that use highly automated technology. It shortens the lead time and minimises the idle time during the process, which enable us to reduce the electricity consumption in manufacturing.

Our dedicated production team performs pre-production planning and production process assessment prior to the commencement of production of the products ordered by our customers. This enables to minimise product rejection and machine and manpower idling time. By minimising product rejection, the return to shareholders will be enhanced, while lesser natural resources will be wasted.

In view of that, we have set a benchmark rejection rate as a guide for respective sections of our production. During the financial year, we managed to reduce the rejection rate of three (3) sections [out of the total four (4) sections] compared to rejection rate for the previous financial year:

Product Rejection Analysis			
Section	Benchmark Rejection Rate	Rejection Rate (Year 2018-2019)	Rejection Rate (Year 2019-2020)
Spiral	<0.40%	0.38%	0.19%
Wire O	<0.20%	0.05%	0.01%
Exercise Book	<0.50%	0.52%	0.39%
Hardcover	<0.30%	0.29%	0.32%

SUSTAINABILITY STATEMENT (cont'd)

Social >

Occupational Safety and Health ("OSH")

As a manufacturing concern, offering a safe work environment and ensuring personal safety are always our priorities. We continuously ensure that the Group is a secure and comfortable place to work by delivering health and safety benefits to our employees.

We understand potential negative impact inherent from working in the production area with huge printing machines and various ancillary machinery and equipment. As such, the focus on safety is even more paramount. The risk to safety is high and it is for this very reason that we monitor processes and procedures meticulously. We have achieved zero work-related fatalities among the employees and we strive to maintain this record as our long-term commitment.

Regulators and our customers are cognizant of our efforts in maintaining and improving better standards of care in areas ranging from production to human resource as well as health and safety. Our operational activities are subject to regular social and quality audits to ensure compliance with defined standards.

A series of OSH programmes and trainings were conducted to inculcate safe practices and behaviors at work. It included safe handling of chemicals, fire drill, first aid and Cardiopulmonary Resuscitation ("CPR") training to increase awareness and ensure disaster and emergency preparedness at all time.



➤ *Basic first aid and CPR training*

Human Capital Development

CWG Group's focus on having a strong workforce is to ensure that the Group is running by people who are competitive and put the Group's interest ahead of their personal interest. The Board acknowledges that attracting and retaining the right talents are crucial at all time. CWG Group remunerates its employees according to their duties and responsibilities, offering opportunities and providing a long-term career prospects. As such, the Group encourages its employees to undergo training and development courses to further enhance their on-the-job performance and ultimately increase the effectiveness and efficiency of the Group.

The Work Ethics of the Group, the Employee Handbook and the Collective Agreement all serve as guide for the employees and Management on professional and ethical behavior in compliance with applicable laws and regulations to safeguard the reputation of the Group. The Employee Handbook detailed, among others, general employment terms and conditions, compensation and benefits and discipline.

SUSTAINABILITY STATEMENT (cont'd)

Training activities were carried out to enhance on-the-job learning and expand knowledge on topics ranging from sustainable chain of custody to ISO quality awareness and internal audit. All these activities reflect our belief that productivity comes from well rested and well trained minds.

Furthermore, the Group strives to provide equal opportunities to all employees, regardless of gender, race, religion, marital status, age and other discriminatory characteristics. Equal opportunities are provided in recruitment, training, remunerating and long-term career prospects.

Employee Welfare

Employees are one of the most important assets for the Group's continual growth. Healthy and happy employees are the source of innovation and the energy behind the Group's sustainability.

During the year under review, the Group organised health screening programme to heighten employees' awareness on the importance of healthcare. We continue to rent a badminton court adjacent to our main plant in Mak Mandin, Butterworth for employees' use. Various sporting events and outdoor activities such as bowling tournament, trip to Tanjung Sepat and Pulau Ketam and buffer dinner were organised for our employees to enjoy life out of work. These activities help to build health living, foster closer working relation and team spirit amongst the employees.



➤ Health screening test was conducted by the medical professionals from Bagan Specialist Centre in Butterworth, Penang



➤ Trip to Tanjung Sepat and Pulau Ketam



➤ A bowling tournament was organised at Mydin Mall Bukit Mertajam, Penang

SUSTAINABILITY STATEMENT (cont'd)

We provide transportation benefit for our employees, such as vanpool to increase the convenience of commuting to and from work. Additionally, concrete parking space is paved for the parking of employees and drainage system is built to prevent the parking area from flooding during heavy rain. In order to allow pregnant ladies to have more convenient workplace, we have also reserved two (2) parking lots for pregnant ladies for their priority parking.

On 18 January 2020, we organised an annual dinner in appreciation of all the employees who have tirelessly worked to meet the demands of their jobs. Long Service Awards were rewarded to the employees for recognition of their loyalty and dedication to the Group.

The Group continues to provide monetary gifts to reward and motivate children of employees who achieved outstanding academic performance.

In line with the Government's efforts to curb the spread of COVID-19 pandemic, Movement Control Order ("MCO") has been implemented throughout Malaysia, starting from 18 March 2020 onwards until its lifting to be announced by the Government in due course. In order to help contain the potential spread of the virus and ensure the well-being of our employees, several preventive measures have been implemented by the Group:

- (i) Daily temperature screening for the employees and visitors before they enter the office premises.
- (ii) Placing hand sanitisers in various locations of the office premises.
- (iii) Providing face masks to the employees.
- (iv) Memo to remind the employees of the need to practice hand hygiene regularly and social distancing of at least 1 meter in the workplace.
- (v) A campaign namely, Allianz Free COVID-19 Coverage is available for employees' registration to enjoy the benefits.

Community

We continuously rented several bus shelters from local council for outdoor advertising displays. The bus shelters are not merely served to the public transport passenger as a waiting place, but also to protect the citizen from hot and rainy weather. To further illustrate our commitment to the community, we are responsible for the maintenance of the bus shelters while implementing our advertising displays.

Conclusion

The Board of Directors is dedicated to fulfilling business sustainability just as it lives up to its responsibility of steering the Group with the right corporate strategy and direction. The Group will continuously manage its MSM to provide better stakeholder value, to protect the environment and to contribute better to the society.

LIST OF GROUP PROPERTIES

as at 30 June 2020

Location	Description/ Existing Use	Land Area/ Built-up Area (sq. ft.)	Tenure	Age of Building (Years)	Net Carrying Amount (RM'000)
(a) Lot No. 1181 Grant No. 33422 Section 3 Town of Butterworth Province Wellesley North Penang	Industrial land	19,315	Freehold	-	830
(b) Lot No. 1984 H.S. (D) 11265 Section 3 Town of Butterworth Province Wellesley North Penang	Industrial land	2,221	60 years leasehold expiring on 12 December 2035	-	30
(c) Lot No. 1985 H.S. (D) 11266 Section 3 Town of Butterworth Province Wellesley North Penang	Industrial land	69,783	60 years leasehold expiring on 12 December 2035	-	963
(d) Lot No. Plot 175 H.S. (D) 15622 Town of Butterworth Province Wellesley North Penang	Industrial land	87,120	99 years leasehold expiring on 31 July 2072	-	2,302
(e) Lot No. 2091 Pajakan Negeri No. 9774 Section 3 Town of Butterworth Province Wellesley North Penang	Industrial land	70,740	60 years leasehold expiring on 20 September 2041	-	2,830
(f) Properties constructed on Lot No. 1181, Lot No. 1984 and Lot No. 1985 Section 3 Town of Butterworth Province Wellesley North Penang	A four-storey office building, single-storey factory and warehouse complex	72,372	-	22-25	5,015
(g) Properties constructed on Lot No. Plot 175 Town of Butterworth Province Wellesley North Penang	A double-storey factory cum warehouse building	73,644	-	25-29	3,502
(h) Properties constructed on Lot No. 2091 Section 3 Town of Butterworth Province Wellesley North Penang	A single-storey warehouse building	32,960	-	26-35	4,724

Note: All the above properties [except item (e) and (h)] were re-valued in June 2012. However, upon transition into the Malaysian Financial Reporting Standards ("MFRS"), the Group has updated the valuation of the above properties on 1 July 2011, which is the transition date and regard the fair value at 1 July 2011 as deemed cost at the date of transition.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of CWG Holdings Berhad ("CWG" or "the Company") is committed to ensure that the highest standards of corporate governance being observed and practiced throughout the Company and the Group as a fundamental part of discharging its responsibilities with transparency and professionalism to protect and enhance shareholders' value and financial performance of the Group.

The Board is continuously working towards the principles and practices of the Malaysian Code on Corporate Governance ("Code") prescribed in the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") towards achieving corporate excellence.

This statement is to be read together with the Corporate Governance Report ("CG Report") which sets out the manner in which the Company has applied each Practice as recommended under the Code. The CG Report is available on the corporate website: www.cwgholdings.com.my and through an announcement on the website of Bursa Securities. The CG Report is based on a prescribed format as outlined under para 15.25(2) of the MMLR of Bursa Securities.

PRINCIPLE A ➤ BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1. Board's Leadership on Objectives and Goals ➤

1.1 Strategic Aims, Values and Standards

The Board leads and controls the Group.

As a collective body, the Board assumes the overall responsibility for the Group: determining strategic direction, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group's internal control systems and Management information systems.

The Board currently consists of seven (7) members, comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, one (1) Group Managing Director, one (1) Group Executive Director and three (3) Independent Non-Executive Directors.

The Board's composition has fully complied with the provisions of MMLR of Bursa Securities for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership, and has also applied Practice 4.1 as recommended under the Code for independent directors to comprise half (50%) of the Board.

The Board delegates responsibility for the day-to-day operation of the businesses to the Executive Deputy Chairman, who is assisted by the Group Managing Director and the Group Executive Director to ensure the Company operates within a framework of prudent and effective controls.

The Board Committees refer to the Audit Committee ("AC") and the Nominating and Remuneration Committee ("NRC"). These Committees are entrusted with the responsibilities to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference ("TOR") as approved by the Board, with the aim of improvement in operational and general Management efficiencies. The decision on whether to act on recommendations by Board Committees lies with the Board.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and the Group. The ultimate responsibility for decision-making on all matters lies with the Board. The roles and responsibilities of the Board are set out in the Board Charter which is available on the Company's website at www.cwgholdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

1.2 Chairman of the Board

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor is the Independent Non-Executive Chairman of the Board.

He provides leadership and governance of the Board in its responsibilities for the business and affairs of the Company and its oversight of Management in order to create a conducive condition geared towards building and growing Directors' oversight and effectiveness and ensure that appropriate issues are discussed by the Board in a timely manner.

The Chairman's responsibilities encompass the following:

- Leading the Board in its responsibilities for the business affairs of the Company and its oversight of Management, ensuring that the Board develops and determines the Group's strategy and overall business and commercial objectives.
- Overseeing the Board in the effective discharge of its supervisory role and directing discussions at Board meetings leading towards the emergence of a consensus.
- The efficient organisation and conduct of the Board's function and meetings and setting of the Board meeting agenda.
- Providing governance in matters requiring corporate justice and integrity.

The Chairman ensures that frank opinions from Board members are forthcoming and no one single Director dominates the deliberation or discussion.

1.3 Separation of the position of Chairman, Executive Deputy Chairman and Group Managing Director

The Board has always made the distinction that the position of the Chairman, Executive Deputy Chairman ("EDC") and Group Managing Director ("GMD") does not reside with the same person as such division further provides for organisational check and balance for better governance. There is a clear and separate division of responsibility in the roles and duties of the Chairman, EDC and GMD.

The Chairman leads the Board and is responsible for the effective performance of the Board. He is assisted by the EDC, Mr. Ooi Chin Soon. The EDC is responsible for strategic planning, business development and oversees the business operations with the GMD.

The GMD, Mr. Tan Hing Ming is to oversee the management of the business and affairs of the Group. He is responsible for evaluating business opportunities and carrying through approved strategic business proposals, implementing appropriate systems of internal accounting and other controls, adopting suitably competitive human resource practices and compensation policies, and ensuring the Group operates within the approved budgets and business direction.

The GMD also ensures that the Group's corporate identity, products and services are of high standard and reflective of market environment, business practices are in compliance with governmental regulations.

During scheduled Board meetings, the GMD briefed on the performance of the Group, business ecosystem and plans going forward.

1.4 Qualified and competent Company Secretary(ies)

The Company Secretaries are competent, qualified and capable of providing the needful support to the Board in discharging its fiduciary duties. The Constitution of the Company provides that removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretaries, or their assistants, are present at all meetings to record deliberation, issues discussed and conclusions in discharging their duties and responsibilities and also provide advice in relation to relevant guides and legislations.

Other roles of the Company Secretaries included coordinating the preparation of Board papers with Management, ensure Board procedures and applicable rules are observed and maintaining records of the Board as well as provide timely dissemination of information relevant to the Directors' roles and functions and keeping them updated on evolving regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

1.5 Access to information and advice

The Board has unhindered access to the advice and services of the Company Secretaries who are responsible for ensuring that all Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretaries also act as the Company Secretaries for all the Board Committees.

All Directors also have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities. Minutes are prepared for all Board and Board Committees' proceedings, circulated to the Board and/or Board Committee Members and will be confirmed and signed by the respective Chairman. The minutes will then be tabled at the subsequent meetings for notation.

The Board, whether as full Board or as Board Committees, may upon approval from the Board or the relevant Board Committee, as applicable, seek independent professional advice if required, in furtherance of their duty, at the Group's expense.

The Board of Directors is satisfied that it is supplied, on a timely basis, information in a form and of quality sufficient to enable the Board to discharge its duties.

The said information includes, amongst others, the performance report of the Group and major operational, financial and corporate issues. The agenda and board papers for consideration are distributed in advance before each meeting to ensure that Directors have sufficient time to study them, be properly prepared for discussion and decision-making and/or solicit further explanation and information, where necessary so that deliberation at Board meetings are focused and constructive.

2. Demarcation of responsibilities ➤

2.1 Board Charter

The Board Charter provides reference for Directors in relation to the Board's role, powers, duties and functions. The Board Charter, the TOR for the Board Committees and the relevant Board policies will be reviewed from time to time to ensure its relevance.

3. Good business conduct and corporate culture ➤

3.1 Code of Ethics & Conduct

The core values of Quality, Branding, Social Obligations, Shareholders and Human Resource as observed by all everyone from Directors down to employees are integral in driving the Group's direction and sustainability.

The Work Ethics of the Group, the Employee Handbook and the Collective Agreement are available and serve as guide for the employees and Management on professional and ethical behavior to safeguard the reputation of the Group. The Employee Handbook and the Collective Agreement detailed, among others, general employment terms and conditions, compensation and benefits and discipline.

There is a formalised Board Code of Conduct which reflects the Board's commitment to ethics and compliance with applicable laws and regulations. The Board Code of Conduct provides guidance to its Directors on ethical standards which the Directors shall adhere to in carrying out their fiduciary duties and responsibilities. It sets out the principles that Directors need to observe particularly in respect of conflict of interest and no improper use of assets. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration.

It is also a way of providing tangible evidence of their commitment to diligence, probity and fairness in exercising their duties and responsibilities to make informed decisions in the best interest of the Group.

In line with the provisions of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which come into effect on 1 June 2020, the Board has adopted an Anti-Bribery & Corruption Policy ("ABC Policy") to set out some parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

The Board Code of Conduct and ABC Policy are available for reference on the Company's website at www.cwg holdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

3.2 Whistleblowing Policy

The Board has formalised and established a Whistle-Blowing Policy, which provides an avenue to voice genuine concerns of any suspected wrongdoings, unethical behavior and malpractices impacting the interest of the Group without fear of reprisal. The Whistle-Blowing Policy sets out the protection to any reporting individual who has made the disclosure/report in good faith, the confidentiality in dealing with such disclosure/report, the communication channel and the grievance procedure making the disclosure/report.

The Whistle-Blowing Policy was approved by the Board on 28 May 2020 and is made publicly available on the Company's website at www.cwgholdings.com.my.

Part II Board Composition

4. Board objectivity ➤

4.1 Board composition

As of the date of this statement, the Board comprised of seven (7) members with the composition as outlined below:

Directorate	Director
Executive	Ooi Chin Soon, Executive Deputy Chairman Tan Hing Ming @ Chin Hing Ming, Group Managing Director Lee Eng Sheng, Group Executive Director
Independent Non-Executive	Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor, Independent Non-Executive Chairman Razmi Bin Alias, Senior Independent Non-Executive Director ("INED") Loh Seong Yew, INED Ng Tiang Yong, INED

Brief profile of each Director is detailed under Profile of Directors in this Annual Report.

All concerns regarding the Group can be conveyed to the Chairman or Encik Razmi Bin Alias, Senior INED for consideration and subsequent deliberation, if deemed required, by all Directors during Board meetings.

The Board, has met the requirement of para 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is the higher, are INEDs.

The Board is of the view that the present INEDs, with the breadth of professional and business background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, independent and unbiased opinion and viewpoints.

Further, the current composition of the Board Committees, made up of only INEDs affirm the Board's commitment towards independence to provide strong check and balance in the Board's functioning.

4.2 Tenure of Independent Director

The Board is mindful of the recommendation of the Code for the tenure of an INED shall not exceed a cumulative or consecutive term of nine (9) years. However, an INED who has exceeded the prescribed nine (9) years may continue to serve in the Board subject to re-designation as Non-INED.

The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in para 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of management and who are free of any relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The INEDs do not participate in daily management of the Group. During meetings, the INEDs participate fully during deliberations and fulfill crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advices and judgements in the evaluation of various issues on strategies, performances and resources.

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor has served the Board as INED since his appointment to Chee Wah Corporation Berhad ("Chee Wah") on 2 January 2009. His tenure of service continued following the assumption of listing status by CWG from Chee Wah upon the completion of share exchange on 30 June 2017.

Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor had completed his 9-year tenure on 2 January 2018. He was retained as INED by the shareholders of the Company at the Annual General Meetings for the past three (3) years from 2017 to 2019. He will complete his 12-year tenure as an INED by 2 January 2021.

Notwithstanding his long tenure of service, he has served the Board independently. His presence as Independent Non-Executive Chairman together with that of the other three (3) INEDs ensured that issues of strategies, performances and resources proposed by the Management are objectively evaluated, taking into consideration the long-term interests of various stakeholders.

Following annual assessment, the Board had recommended for Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor to continue as INED subject to shareholders' approval through two-tier voting process at the forthcoming Annual General Meeting ("AGM"). Key justifications to retain him as INED are as follows:

- a) He has remained objective and independent in expressing his views during deliberation and decision-making of the Board and the Board Committees. His judgement is not clouded by familiarity.
- b) He had fulfilled the criteria on independence as prescribed by Bursa Securities and therefore able to bring element of objectivity and impartiality that provide check and balance to the executive team.
- c) He provided the Board with a diverse set of experience, skill and expertise.
- d) He had carried his duties diligently and had participated actively during deliberations of both Board and Board Committees by bringing different perspectives and balanced assessment to deliberation and decision-making.
- e) He understands the business and operations of the Group as he has been with the Company for a long period of time. Therefore, he is able to participate effectively during meetings.

4.3 Policy on Tenure of Independent Director

The Board Charter limits the tenure of its INEDs to nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served a cumulative/consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at AGM. Shareholders' approval was obtained at the previous AGM in 2019 for the retention of Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor as INED.

If the Board continues to retain the INED after the twelfth (12th) year, the Board is to seek annual shareholders' approval through a two-tier voting process.

4.4 Diverse Board and Senior Management team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of Board and Senior Management are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as business development, management and operations, manufacturing, digital imaging, accounting, finance, logistics and trading.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

4.5 Gender diversity

The Board is supportive and acknowledges the need for gender diversity on the Board and in Senior Management. At this juncture, the Board is of the opinion that additional Board appointment was unnecessary just to address gender diversity.

Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

The Board believes in and provides equal opportunity to candidates who have the necessary skills, experience, commitment (including time commitment), core competencies and other qualities regardless of gender, ethnicity and age. Taking a nod to the government's directive for more female representation at the top, the Board would also ensure that female candidates with the right qualifications be considered when the need arises.

4.6 Diverse sources for new candidate(s) for Board appointment

The Nominating and Remuneration Committee ("NRC") is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

In assessing and evaluating the suitability of candidates for recommendation to the Board for appointment, the NRC will consider, inter alia, the background, education, knowledge, integrity, competency, experience, commitment and potential contribution to the Group.

The final decision on the appointment of a candidate recommended by NRC rests with the Board.

During the year, the NRC reviewed the candidacy of Mr. Lee Eng Sheng and Mr. Ng Tiang Yong as Group Executive Director and Independent Non-Executive Director respectively.

The NRC had assessed their suitability accordingly. The appointment of Mr. Lee is to provide financial and operational support at strategic level to the Board. As for Mr. Ng, the NRC had considered his technical expertise and knowledge in printing industry and his ability to bring independent judgement and opinion which can contribute positively to the Group.

4.7 Nominating and Remuneration Committee

The Nominating and Remuneration Committee ("NRC") was established on 29 June 2017 following merging of the Nomination Committee and Remuneration Committee on 24 May 2017. The merger has improved and enhanced deliberation on Directors as the NRC combines the complementary roles, scope of work and responsibilities of the former committees.

The NRC comprised solely of INEDs and its present composition is as follows:

Chairman	Razmi Bin Alias
Members	Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor Loh Seong Yew

The NRC would meet at least once (1) annually with additional meetings convened on as and when needed basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The objectives of the NRC are:

- a) To recommend candidates to the Board of Directors. The NRC shall be responsible in ensuring the appropriate Board balance and size, mix of skills, experience and other core competencies required for the Board to discharge its duties effectively, and ensure proper documentation of all assessment and evaluation on the effectiveness of the Board, the Board Committees and the contribution of each individual Director.
- b) To review and recommend to the Board the remuneration packages and benefits of the Board of Directors in all its forms structured to link to level of executive responsibilities and Company's performance.
- c) The Committee shall also assist to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of service or employment, reward structure and fringe benefits for Executive Directors, Non-Executive Directors and key senior management with the aim to attract, retain and motivate individuals of the highest quality.

During the year under review, key activities undertaken by the NRC are summarised as follows:

- a) Discussed and recommended the appointment of new directors in place of the retired director.
- b) Discussed and reviewed re-structuring of Board composition.
- c) Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
- d) Reviewed the level of independence of the INEDs.
- e) Discussed the character, experience, integrity and competency of the Directors, chief executive or chief financial officer and to ensure they have the time to discharge their respective roles.
- f) Discussed and recommended the re-election/retention of Directors, as applicable at AGM.
- g) Reviewed the term of office and performance of the AC and its members pursuant to para 15.20 of the MMLR of Bursa Securities. The assessment was carried out by way of a discussion by the Board and self-evaluation by the AC given that the composition of the NRC is the same with AC.
- h) Conducted annual assessment on Board, Board Committees and individual Directors.
- i) Reviewed the proposed bonus payable to the Group Executive Directors and key senior management.
- j) Discussed and recommended Directors' fees and benefits payable for shareholders' approval.
- k) Reviewed the remuneration package for executive Board members and key senior management.
- l) Reviewed the Service Agreement, Employment Agreement and Supplemental Agreement for the Directors.

The TOR of the NRC is published on corporate website at www.cwgholdings.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

5. Board objectivity ➤

5.1 Overall effectiveness of the Board and individual Directors

The NRC undertakes annual assessment of the effectiveness of the Board, the Board Committees and the contribution of each individual Director on an annual basis. The INEDs are also assessed annually by the NRC on behalf of the Board. Following an assessment carried out for FY2020, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to provide unbiased, impartial and objective opinion during meetings and act in the best interest of the Company.

All assessments and evaluations carried out by the NRC in the discharge of all its functions are documented. The assessment is performed on self-assessment basis. All Directors are provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and tabled at the NRC meeting. The Chairman of the NRC will report the results and deliberation to the Board.

The criteria used in the assessment of the Board and the Board Committees focussed on board mix and composition, quality of information and decision-making, boardroom activities, board's relationship with Management and Board Committees. The assessment of individual Director focussed on fit and proper, contribution and performance, calibre and personality, skills set and independence. The Board was satisfied with the results of the assessment carried out in FY2020.

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third (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 one-third (1/3) shall retire from office and be eligible for re-election.

All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election and, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The Director who is subject to re-election and/or re-appointment at next AGM is assessed by the NRC before recommendation is made to the Board and shareholders for re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC is based on the annual assessment conducted.

The Company Secretaries will ensure that all appointments are properly effected with the necessary legal and regulatory obligations duly met.

The Board of Directors meets at least four (4) times a year with additional meetings convened as necessary.

During the FY2020, four (4) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's quarterly operations and financial results, strategic decisions, annual budget, business plan and any other strategic issues that may affect the Group's businesses.

In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making. As a mean to facilitate Directors' planning and time management, an annual meeting calendar is prepared and given to Directors before the beginning of each new calendar year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The listing of the Board members and their attendance at Board and Board Committees' meetings held during the financial year under review are as tabulated below:

Director	Board	Audit Committee	Nominating & Remuneration Committee
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor Independent Non-Executive Chairman	4/4	4/4	3/3
Ooi Chin Soon Executive Deputy Chairman	4/4	—	—
Tan Hing Ming @ Chin Hing Ming ⁽¹⁾ Group Managing Director	4/4	1/1	1/1
Lee Eng Sheng ⁽²⁾ Group Executive Director	2/2	—	—
Razmi Bin Alias Senior Independent Non-Executive Director	4/4	4/4	3/3
Loh Seong Yew ⁽³⁾ Independent Non-Executive Director	3/3	3/3	2/2
Ng Tiang Yong ⁽²⁾ Independent Non-Executive Director	2/2	—	—
Khor Say Beng ⁽⁴⁾ Group Managing Director	1/1	—	—

Note:

- (1) Re-designated from INED to Group Executive Director and Group Managing Director on 28 August 2019 and 27 November 2019 respectively.
- (2) Attendance is counted effective upon his appointment to the Board on 27 November 2019.
- (3) Attendance is counted effective upon his appointment to the Board on 19 September 2019.
- (4) Attendance is counted until his retirement from the Board on 12 November 2019.

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda.

Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the time commitment given by the Directors as given full attendance at meetings of the Board and Board Committees. All of the Directors do not hold more than five (5) directorships as required under para 15.06 of the MMLR of Bursa Securities. The Board members will notify the Board prior to acceptance of new Directorship in other public listed companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties. As at the date of this statement, the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

The Directors will continue to attend various seminars and training programmes necessary to enhance and keep abreast with relevant changes, development and updates affecting industries that the Group operates in as well as regulatory requirements. The Directors are regularly updated by the Company Secretaries on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

The training attended by the Directors during the financial year under review are as follows:

Director	Seminar / Workshop / Course
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	<ul style="list-style-type: none"> • HSBC Business Resilience Webinar 2
Ooi Chin Soon	<ul style="list-style-type: none"> • Products Process Flow Training • Fine Art Material Briefing • Creativeworld 2020, Frankfurt, Germany
Tan Hing Ming @ Chin Hing Ming	<ul style="list-style-type: none"> • Bursa Advocacy on Demystifying The Diversity Conundrum: The Road to Business Excellence • Products Process Flow Training • Fine Art Material Briefing
Lee Eng Sheng	<ul style="list-style-type: none"> • Products Process Flow Training • Fine Art Material Briefing • Creativeworld 2020, Frankfurt, Germany • MIA Webinar Series: Online Meeting - Security Challenges & Solutions • The Coronavirus vs The People: Is Malaysia Prepared for Market and Economic Downturn From COVID-19? • The New Normal: Biz & Management Innovation in a New Crisis • MIA Webinar Series: Section 17A, MACC (Amendment) Act 2018 & Adequate Procedures
Razmi Bin Alias	<ul style="list-style-type: none"> • Bursa Advocacy on Demystifying The Diversity Conundrum: The Road to Business Excellence • Mind the Gap! Audit Your Anti-Bribery and Corruption Programme Effectively
Loh Seong Yew	<ul style="list-style-type: none"> • Seminar Percukaian Kebangsaan 2019 • Corporate Briefing Session with Company Secretaries 2/2019 • Stepping Up from Chartered Secretary to Chartered Governance Professional (Navigating The Rules and Procedures of Meetings) • 2020 Budget Seminar • Blockchain: Transforming the Accountancy Professional Forum
Ng Tiang Yong	<ul style="list-style-type: none"> • Mandatory Accreditation Programme for Directors of Public Listed Companies

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The Board had, through the NRC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in the better position to assess their areas of concern. Nonetheless, the NRC had recommended for training to improve financial literacy and keep with changes to financial reporting environment and other related laws.

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.

Part III Remuneration

6. Level and Composition of Remuneration ➤

6.1 Remuneration Policy

The NRC is responsible for recommending the remuneration structure for Directors as well as remuneration package for Executive Directors and key senior management. The objective is to attract and retain the Directors required to lead and control the Group effectively.

In the case of the executive Board members, the components of the remuneration package are linked to individual and Company's performance. As for the Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities and the onerous challenges in discharging their fiduciary duties.

The NRC met three (3) times during the year to consider the remuneration package for the Executive Directors and key senior management as well as Directors' fees and benefits payable for the Non-Executive Directors. The Directors' fees reflect the broad based roles and responsibilities as well as time commitment to the Group that go with Board membership.

The Directors' fees and benefits payable to the Non-Executive Directors are reviewed annually. The executive Board members played no part in deciding their own remuneration and the respective Board members abstained from all discussion and decisions pertaining to their remuneration. The remuneration package for the executive Board members and key senior management is calibrated to ensure that it is sufficient to attract, motivate and retain them in their role in overseeing the affairs of the Group and ensuring compliance with regulatory requirements and best practices.

6.2 Remuneration Committee

The Remuneration Committee was merged with the Nomination Committee to form the NRC on 29 June 2017. Please refer disclosure under section 4.7 above in this statement.

7. Remuneration of Directors and Senior Management ➤

7.1 Details of Directors' remuneration

The fees and benefits payable for the Directors are endorsed by the Board of Directors for approval by the shareholders at the AGM prior to payment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The remuneration received/receivable by the Directors of the Group and the Company for FY2020 is as tabulated:

Group	Fees RM	Salaries and Other Emoluments ⁽¹⁾ RM	(Reversal of)/ Provision for Retirement Benefit RM	Benefits in-kind RM	Allowance and Other Benefits RM	Total RM
Executive Directors						
Ooi Chin Soon	26,500	495,005	–	1,237	30,000	552,742
Tan Hing Ming @ Chin Hing Ming	26,500	261,375	–	1,887	26,400	316,162
Lee Eng Sheng	15,750	310,783	–	5,800	7,500	339,833
Khor Say Beng ⁽²⁾	–	285,984	(950,000)	9,975	–	(654,041)
Independent Non-Executive Directors						
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	32,000	–	–	–	5,600	37,600
Razmi Bin Alias	24,000	–	–	–	7,600	31,600
Loh Seong Yew	18,800	–	–	–	5,900	24,700
Ng Tiang Yong	14,000	–	–	–	800	14,800
Total	157,550	1,353,147	(950,000)	18,899	83,800	663,396

Company	Fees RM	Salaries and Other Emoluments ⁽¹⁾ RM	(Reversal of)/ Provision for Retirement Benefit RM	Benefits in-kind RM	Allowance and Other Benefits RM	Total RM
Executive Directors						
Ooi Chin Soon	12,000	–	–	–	–	12,000
Tan Hing Ming @ Chin Hing Ming	14,000	66,204	–	–	1,400	81,604
Lee Eng Sheng	7,000	8,407	–	–	–	15,407
Khor Say Beng ⁽²⁾	–	–	–	–	–	–
Independent Non-Executive Directors						
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	32,000	–	–	–	5,600	37,600
Razmi Bin Alias	24,000	–	–	–	7,600	31,600
Loh Seong Yew	18,800	–	–	–	5,900	24,700
Ng Tiang Yong	14,000	–	–	–	800	14,800
Total	121,800	74,611	–	–	21,300	217,711

Note:

(1) This includes bonus as well as statutory contributions.

(2) Retired on 12 November 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

7.2 Details of top 5 Senior Management's remuneration

7.3 Details of top 5 Senior Management's remuneration on named basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

PRINCIPLE B ➤ EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I Audit Committee

8. Effective and independent Audit Committee ("AC") ➤

8.1 Chairman of the AC

Mr. Loh Seong Yew, an INED, is the Chairman of the AC. Details on the composition, TOR and other pertinent facts of the AC are outlined under the AC Report in this Annual Report.

8.2 Policy requiring former key audit partner to observe 2-year cooling-off period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AC.

The TOR of the AC provides that the Company and the Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.

8.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

There is in place a Policy and Procedure for Selection, Appointment and Assessment of External Auditors to guide the AC in reviewing the suitability, objectivity and independence of the external auditor of the Company on an annual basis.

The review process covers the assessment of the independence of the external auditor, the evaluation of the external auditor's performance, competency, quality of work, audit fees and the adequacy of resources.

Following an annual assessment of the suitability and independence of the external auditors in respect of FY2020, the AC is satisfied with the technical competency, fees, quality of work and independence of the external auditors.

The AC meets with the external auditors twice during FY2020 to discuss their audit plan, audit findings and the Company's financial statements. At least once a year and whenever necessary, the AC met with the external auditors without the presence of executive Board members or Management personnel, to allow the AC and the external auditors to exchange independent views on matters which require the AC's attention.

The AC has considered the non-audit services provided by the external auditors during FY2020 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid and payable to the external auditors.

During FY2020, the amount of audit and non-audit fees payable to the external auditors and its affiliates by the Company and the Group respectively are as follows:-

Level	Audit Fee (RM)	Non-Audit Fee (RM)
Company	6,500	11,000
Group	91,700	34,700

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The non-audit fees comprised mainly of review of Statement on Risk Management and Internal Control, review of other information in annual report, Information Technology General Control (ITGC) audit, tax fees, and seminar fees.

The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the professional and regulatory requirements.

A summary of activities of the AC during the financial year under review is set out in the AC Report in this Annual Report.

8.4 Composition of the AC

Although not required to observe this Step-Up, the AC comprised solely of INEDs as the Board observes and values the independence of the AC.

8.5 Diversity in skills of the AC

The AC currently comprised of members with professional experience in business management, financial, accounting, general management, economics and education. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities.

Part II Risk Management & Internal Control Framework

9. Effective risk management and internal control framework ➤

9.1 Establish an effective risk management and internal control framework

9.2 Disclosure on the features of risk management and internal control framework

The Board recognises the importance of sound internal controls which encompass risk management practices as well as financial, operational and compliance controls. In this respect, the Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems.

The Statement on Risk Management and Internal Control in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

Continuous reviews are carried out by the Group's outsourced internal audit function, Risk Management Committee and Management are to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC thrice during the financial year under review.

9.3 Establishment of a Risk Management Committee

A management level Risk Management Committee ("RMC") was established on 26 June 2018. A Chief Risk Officer ("CRO") is to lead from the top and drive the importance of embedding sound practices of risk management throughout the business operations of the Group. The RMC is to report on an annual basis to the AC. The risk management functions are incorporated into the TOR of the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

10. Effective governance, risk management and internal control ➤

10.1 Effectiveness of the internal audit function

10.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

The activities of the internal auditors during the financial year are set out in the AC Report in this Annual Report.

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

Part I Communication with stakeholders

11. Continuous Communication between Company and stakeholders

11.1 Effective and transparent and regular communication with stakeholders

The Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

Investors are provided with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

The GMD is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a website at www.cwgholdings.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on its awards, recognitions and corporate news. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email at cosec@cwgholdings.com.my. Primary contact details are set out on the corporate website.

11.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Companies".

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Part II Conduct of general meetings

12. Encourage Shareholder Participation at General Meetings ➤

12.1 Notice for annual general meeting

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise.

The Directors, key senior management, Company Secretaries and the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

The notice of the 3rd AGM in 2019 was sent more than twenty-eight (28) days before meeting date to shareholders and published in a nationally circulated local newspaper. Items of special business included in the Notice of AGM was accompanied by an explanation of the proposed resolution. Separate resolutions are proposed for separate issues at the meeting. All suggestions and comments put forth by shareholders were noted by the Board for consideration.

All the Directors attend the AGM to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars.

All the resolutions set out in the Notice for the 3rd AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day.

The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

The notice for the upcoming AGM in 2020 will be issued more than twenty-eight (28) days in advance as per previous year. This enables shareholders to make adequate preparation.

12.2 All Directors to attend general meetings

All the Directors attended the 3rd AGM held on 27 November 2019.

12.3 Leveraging on technology for voting in absentia and remote shareholders' participation

Based on an analysis of the investors, the Company does not have a large number of shareholders. Also, a large majority of investors are Malaysians. Further, all general meetings are held at a hotel, which is easily accessible to all shareholders. As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable.

As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years.

STATEMENT ON COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The Corporate Governance Overview Statement is issued in accordance with a resolution of the Board of Directors dated 25 September 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of CWG Holdings Berhad ("CWG") is committed to maintaining a sound internal control and risk management system throughout the group of companies. The Board has issued a statement on the state of risk management and internal control within the Group pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and under guidance of Principle B of the Malaysian Code on Corporate Governance issued on 26 April 2017 and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Internal Control Guidelines").

RESPONSIBILITIES ➤

Board

The Board affirms its overall responsibility for the Group's systems of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing the effectiveness and efficiency of these system to ensure its viability. The systems cover governance, risk management and financial, organisational, operational, regulatory and compliance controls.

Essentially, the Board is responsible for determining the nature and extent of the strategic risks that the Group is willing to take to achieve its objectives, whilst maintaining sound risk management and systems of internal control.

The oversight of these critical areas is carried out by the Board and assisted by the Audit Committee ("AC") as well as the Risk Management Committee ("RMC") which are empowered by their respective terms of reference. The Group's risk management and internal control systems are designed to manage risks that may prevent the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making and ensuring compliance with regulatory and statutory requirements.

Audit Committee

The AC's role was expanded to include reviewing and recommending an appropriate risk management strategy so as to ensure that the business risks are effectively addressed by the Group as well as reviewing the adequacy of the Group's risk management process and recommending improvements, where required and to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal auditors and engagement with management and the RMC.

During the financial year under review, the AC was updated thrice on the status of the internal controls within the Group and the mitigating action plans being taken by management to manage those risks to the desired level. After which, the Board is briefed on key issues for deliberation and guidance, as needed.

Risk Management Committee

A management level RMC was established on 26 June 2018. A Chief Risk Officer ("CRO") is to lead from the top and drive the importance of embedding sound practices of risk management throughout the business operations of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Risk Management Review

During the financial year under review, the Group's existing Enterprise Risk Management ("ERM") framework was overseen by the RMC which is chaired and led by the CRO. The members of the RMC comprise of selected heads of department and other management personnel as deemed appropriate by the CRO. With such composition of members in the RMC, this would ensure that the responsibilities on risk management are cascaded down and shared across management personnel at operational level.

The responsibilities of the RMC include:-

- i) ensuring risk management is adequately carried out as part of the responsibility in evaluating and making key strategic and operational decisions
- ii) enhancing risk policies and procedures as necessary
- iii) consolidating risk information and monitoring the Group's risk management activities
- iv) providing ongoing support to AC

The management of risks in the daily business operations is assigned to the management team. Significant risks were identified, related mitigating responses and the corresponding internal control measures were deliberated among the CRO and the management.

During the financial year, the RMC has updated its status of risk management activities and action plans for the various key risks identified on Strategy, Procurement, Marketing, Human Resources Management and Finance. The RMC ensures that adequate control systems are implemented to minimise and control the risks faced by the Group. The CRO reports to the AC on an annual basis.

The aforesaid risk management practice is an on-going process used to identify, assess and mitigate risks during the financial year under review and up to the date of approval of this Statement.

Key Elements of Internal Control & Risk Management

During the year under review and up to the date of this Statement, the Group has been proactive in its management of risks and control issues as demonstrated by the existence of policies, procedures and strategies as illustrated below:

Organisational structure and accountability

1. There is in place an organisational structure that supports operational requirements, with clearly defined levels of responsibilities, lines of accountability and delegated authority with appropriate reporting procedures, to enable the Group's vision, mission, strategies and operational objectives to be achieved and ensuring that there is an adequate system of checks and balances.
2. Board Charter that outlines the roles and responsibilities of the Board as well as division of responsibilities and powers of Chairman, Executive Deputy Chairman, Group Managing Director, Executive Directors, Non-Executive Directors and Board Committees.
3. The Executive Deputy Chairman is responsible for strategic planning, business development and overseeing the Group's business operation, formulating high level-strategies and work together with the Group Managing Director in directing the overall growth of the Group.
4. The Group Managing Director is involved in the day-to-day business operations of the Group with accountability to monitor the performance of all business units.
5. Limits of Authority manual that defines authorisation limits to ensure proper accountability, segregation of duties and minimisation of unauthorised transactions risks.

Ethics and human resource policy

6. Board Code of Conduct provides guidance to the Directors on ethical standards which the Directors shall adhere to as a way of providing tangible evidence of their commitment to diligence, probity and fairness in exercising their duties and responsibilities.
7. Comprehensive human resource internal control policies with procedures and best practices to guide and instill integrity, accountability and professionalism in employee conduct.
8. Upon the introduction of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which come into effect on 1 June 2020, a commercial organisation may be found liable for acts of corruption committed by any persons associated with the organisation. Hence, the Group adopted an Anti-Bribery & Corruption Policy to set out some parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Standards of operations and safety

9. Duly documented internal policies including standards and procedures that focus on professionalism at work, integrity, and avoidance of conflicts of interests. Regular updates are made to reflect changing risks and to resolve operational deficiencies.
10. All policies and standards are approved by the Board. Cases of non-compliance with internal control policies with recommendations for corrective actions are first brought to the attention of management for discussion. Issues are also highlighted to the AC and the Board through the internal audit reports.
11. Strict compliance with safety procedures and regular training on the same are conducted as part of Group's communication of the importance in complying to the Occupational Safety and Health Act, 1994 to ensure that all the employees are aware of the safety procedures that are in place for their own safety during any emergencies and that the Group's assets and resources are well protected from any accident or mishap.
12. Key operational processes are guided by the operations manual detailed in the Standard Operating Procedures, the ISO 9001:2015 edition Quality Management System and the requirements of Chain of Custody Certification issued by Forest Stewardship Council. These standard operating procedures and policies meet operational needs and provide guidance to the employees.

Financial reporting

13. Annual financial budget of the Group is reviewed and approved by the Board.
14. Quarterly review by the Board on financial performance. Significant risks relevant to the operating segments are reviewed in these meetings. Management reports are also disseminated to the Board on the review of the financial and operational performance of the Group.
15. Regular management meetings for review of business operations are convened to consider, among others, financial performance, business development, management and corporate issues and rectification of any discrepancies and or non-compliance with internal control policies.

During these meetings, comprehensive information on monitoring of performance against budget is tabled for discussion to ensure that exceptions and variations are deliberated on with appropriate corrective actions taken in a timely and effective manner.

Internal audits and risk management

16. The internal audit function conducts reviews of business processes and in doing so, provides an independent assurance to management on the adequacy and effectiveness of the internal controls and risk management. Appropriate remedial actions are taken by management to improve the systems of internal control and processes within agreed timelines.
Following completion of audits, reports on shortcomings and recommendations will be submitted to the AC for discussion and review. Significant matters identified during these meetings are highlighted to the Board. Follow-up reviews are being conducted and the status of implementation communicated to the AC.
17. Review and update of the internal control system is made after considering pertinent changes in the regulatory and business environment on an ongoing basis.
18. The Board reviews all areas of significant financial risk and approves all significant investments after careful review and deliberation.
19. Adequate insurance of the major assets and resources of the Group are in place to ensure that these are sufficiently covered against any mishap that may result in material losses to the Group.

Internal Audit

The Group's internal audit function is an independent unit that is outsourced to JWC Consulting Sdn. Bhd. ("JWC"), a professional consulting firm. As per the annual audit plan approved by the AC, JWC undertakes at least, an annual review of the Group's operations and systems of internal control by adopting the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors as well as established auditing guidelines in discharging its function.

JWC adopts a risk-based approach to develop its annual internal audit plan to ensure adequate scope and coverage of internal audit activities and key risk areas are adequately identified and covered.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

The outsourced internal audit function reports to the AC and assists the Board in monitoring and managing risks, internal controls and governance processes so as to provide reasonable assurance that such systems continue to operate effectively and efficiently in compliance with the Group policies and procedures.

All audit findings were discussed at management level and actions are agreed in response to recommendations from the internal audit team. The resulting internal audit reports, which are incorporated with audit recommendations and management responses, are issued to the AC which then reviews through all findings and management responses and assesses the adequacy and effectiveness of the internal controls. The AC will refer any significant risk issues to the Board for consideration.

Review of Adequacy and Effectiveness

The Executive Deputy Chairman, the Group Managing Director and the Group Financial Controller had given the assurance to the Board that the Group's risk management and internal controls have been operating adequately and effectively in all material aspects during the year and up to the date of this Statement. Taking this assurance into consideration, the Board is of the view that the systems of internal control and risk management is considered adequate for the Group's business operations.

The Board and management seek regular assurance on the continuity and effectiveness of the system of internal controls through independent appraisals by the internal auditors.

Review of this Statement by the external auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") and as required by Paragraph 15.23 of the MMLR of Bursa Securities for inclusion in the annual report of the Group for the financial year ended 30 June 2020 and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether this 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 on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 25 September 2020.

AUDIT COMMITTEE REPORT

FORMATION ➤

On 29 June 2017, the Audit Committee was constituted concurrent with the appointment of Directors to CWG Holdings Berhad ("CWG") ahead of CWG's assumption of the listing status of Chee Wah Corporation Berhad ("Chee Wah") under an internal reorganisation which had facilitated the establishment of a new corporate structure with CWG now owning 100% of Chee Wah.

The Audit Committee is governed by its Terms of Reference which is available on the Company's website at www.cwgholdings.com.my.

The primary objective of the Audit Committee (as a sub-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

The key function of the Audit Committee is to assist the Board in fulfilling the following oversight objectives on the Group's activities:

- (a) Oversee financial reporting;
- (b) Assess the Group's processes in relation to its risks, governance and control environment;
- (c) Review conflict of interest situations and related party transactions; and
- (d) Evaluate the internal and external audit processes.

COMPOSITION, AUDIT COMMITTEE MEETING AND ATTENDANCE ➤

The Audit Committee is comprised solely of Independent Non-Executive Directors.

There were four (4) Audit Committee meetings held during the financial year under review. The details of attendance of the Audit Committee members are tabulated below:

Director	Position in Committee	Attendance
Loh Seong Yew ⁽¹⁾	Chairman	3/3
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	Member	4/4
Razmi Bin Alias	Member	4/4

Note:

(1) Attendance is counted effective upon his appointment as Chairman of the Audit Committee on 19 September 2019.

Mr. Loh Seong Yew is a member of the Malaysian Institute of Accountants ("MIA"). Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF WORK OF THE AUDIT COMMITTEE ➤

The activities carried out by the Audit Committee during the financial year ended 30 June 2020 were summarised as follows:

- (a) Reviewed the unaudited quarterly financial results and audited financial statements of the Group with an aim in ensuring that the interim financial reports and financial statements were prepared in accordance with the approved Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the Companies Act 2016 and the MMLR of Bursa Securities. The review also considered changes in or implementation of major accounting policies, significant and unusual events and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB");
- (b) Reviewed, discussed and approved the Group's related party transactions;
- (c) Discussed the audit plan, scope of work and proposed audit fee for the year under review with the external auditors;
- (d) Met twice with the external auditors and internal auditors, in the absence of the Executive Directors and management staff to discuss the adequacy and effectiveness of the system of internal control and any other areas of concern to the auditors arising from their audits. None were reported save for a recommendation to improve on technical competency to keep abreast of the implementation of various approved accounting standards by MASB;
- (e) Reviewed the audit findings of the external auditors and their reports;
- (f) Reviewed the performance and factors relating to the independence of the external auditors with due consideration to the quality and timeliness of the report furnished, the level of understanding demonstrated of the Group's business and communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements.

The Audit Committee was satisfied with the outcome of the performance assessment and independence of the external auditors for the year under review and recommended to the Board for the re-appointment of BDO PLT for the ensuing financial year;

- (g) Evaluated the audit planning memorandum from the internal auditors;
- (h) Reviewed the internal audit functions in respect of the adequacy of its scope, functions, competency, resources and necessary authority to carry out its work;
- (i) Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations and actions taken to improve the system of internal control and procedures. The Audit Committee has, where appropriate, directed management to rectify and improve control procedures and workflow processes based on the internal auditors' suggestions for improvement;
- (j) Reviewed the implementation of these recommendations through follow-up audit reports;
- (k) Reviewed the report presented by Chief Risk Officer on behalf of Risk Management Committee;
- (l) Reported to the Board on its activities, significant findings and results; and
- (m) Approved the Audit Committee Report as well as recommended the Statement on Risk Management and Internal Control to the Board for the approval prior to inclusion in the 2020 Annual Report.

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION ➤

The Group has outsourced its internal audit function to an independent professional consulting firm, JWC Consulting Sdn. Bhd. ("JWC"). The internal audit function is primarily responsible to undertake regular and systematic reviews of the business units, processes and procedures so as to provide reasonable assurance that the system of internal control continues to operate adequately and effectively.

The annual audit plan proposed by the internal auditors was reviewed and approved by the Audit Committee before the commencement of audit. They have carried out audits in accordance with approved annual audit plan.

As part of the audit work, the internal auditors review the adequacy and effectiveness of the internal control system's compliance with rules, regulations, policies and procedures and also evaluates efficiency of key business processes.

The internal audit function reports to the Audit Committee on a periodic basis on their audit findings and making recommendations to the management for improvement as well as carry out follow-up audits to ensure proper and timely implementation of the agreed action plans.

During the financial year under review, the internal auditors reviewed and audited the following areas of the Group's operations:

- (i) Inventory management
- (ii) Sales and marketing
- (iii) Procurement

The regular monitoring by internal audit function enables the Group to maintain good corporate governance and enhance the integrity and effectiveness of the Group's system of internal control.

During the financial year, the total cost incurred for the internal audit function was RM25,500.

ADDITIONAL COMPLIANCE INFORMATION

➤ **Utilisation of Proceeds**

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 30 June 2020 ("FY2020").

➤ **Material Contracts**

During FY2020, there was no material contract entered into by the Company or its subsidiaries, involving the interest of Directors, Chief Executive who is not a director and/or major shareholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' Responsibilities in relation to the preparation of audited financial statements pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

The Directors are responsible for ensuring that the audited financial statements of the Group and of the Company are prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Securities.

The Directors are also responsible for ensuring that the audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records which give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

The Directors are satisfied that in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2020, the Group has used appropriate accounting policies and applied them consistently and made judgements and estimates that are reasonable.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

ANALYSIS OF SHAREHOLDINGS

as at 25 September 2020

Share Capital

Issued and fully paid-up	RM63,145,051.50 divided into 126,290,103 ordinary shares (including 494,300 treasury shares)
Class of Shares	Ordinary shares
Voting Rights	One (1) vote per ordinary share on a poll

Distribution of Shareholdings

Size of Holdings	No. of Holders	% of Holders	No. of Shares [^]	% of Shareholding [^]
1 - 99	17	1.03	374	#
100 - 1,000	64	3.88	24,688	0.02
1,001 - 10,000	1,098	66.54	5,552,665	4.41
10,001 -100,000	423	25.64	11,986,600	9.53
100,001 - 6,289,789 (*)	45	2.73	59,099,476	46.98
6,289,790 and above (**)	3	0.18	49,132,000	39.06
Total	1,650	100.00	125,795,803	100.00

Remarks:

- [^] Excluding 494,300 treasury shares retained by the Company
- * Less than 5% of issued shares
- ** 5% and above of issued shares
- # Negligible

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 25 September 2020

Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Ooi Chin Soon	28,527,500	22.68	-	-
ANB Equity Sdn. Bhd.	12,874,500	10.23	-	-
Khor Say Khai Holdings Sdn. Bhd.	7,730,000	6.14	-	-
Khor Wan Tat	1,008,700	0.80	^(a) 7,730,000	6.14
Khor Lay Wei	21,000	0.02	^(a) 7,730,000	6.14
Lai Tjhin Tjhin	-	-	^(b) 12,874,500	10.23

Note:

[^] Excluding a total of 494,300 shares bought-back by the Company and retained as treasury shares.

^(a) Deemed interest by virtue of his/her interest in Khor Say Khai Holdings Sdn. Bhd. ("KSKHSB"), he/she is deemed interested in the shares of the Company to the extent that KSKHSB has an interest.

^(b) Deemed interest by virtue of her interest in ANB Equity Sdn. Bhd. ("ANBESB"), she is deemed interested in the shares of the Company to the extent that ANBESB has an interest.

Directors' Shareholdings

Name	Direct Interest		Indirect Interest	
	No. of Shares	% [^]	No. of Shares	% [^]
Ooi Chin Soon	28,527,500	22.68	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-
Lee Eng Sheng	-	-	-	-
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	-	-	-	-
Razmi Bin Alias	-	-	-	-
Loh Seong Yew	-	-	-	-
Ng Tiang Yong	1,366,800	1.09	-	-

Note:

[^] Excluding a total of 494,300 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS (cont'd)

as at 25 September 2020

Thirty (30) Largest Shareholders ➔

No.	Name	No. of Shares	% [^]
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR OOI CHIN SOON	28,527,500	22.68
2	ANB EQUITY SDN BHD	12,874,500	10.23
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR SAY KHAI HOLDINGS SDN BHD (E-PPG)	7,730,000	6.14
4	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	6,180,000	4.91
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHU SOONG TAU (PB)	6,000,000	4.77
6	SAY BENG HOLDINGS SDN BHD	5,810,126	4.62
7	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	5,507,800	4.38
8	LOH KOK BENG	5,500,000	4.37
9	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR WONG PEI FERN	4,800,000	3.82
10	CHOK KWONG MING	3,477,600	2.76
11	M & A NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM ED WIN (PNG)	2,596,000	2.06
12	KHOR WAN KEONG	2,406,000	1.91
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LIM KAM SENG (IPH)	2,010,300	1.60
14	KHOR SWEE THEAM	1,707,800	1.36
15	NG TIANG YONG	1,366,800	1.09
16	M & A NOMINEE (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR DENNIS CHUNG VUI MING (PNG)	1,000,000	0.79
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR WAN TAT (E-PPG)	1,000,000	0.79
18	KHOR WAN SEN	933,200	0.74
19	TAN PUJ SAN	885,300	0.70
20	LIM SOON HUAT	728,100	0.58
21	TAN AH MOY @ TAN SIEW CHUAN	600,000	0.48
22	SAW JUNE HUI	578,800	0.46
23	YEE DIH HORNG	525,000	0.42
24	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEOW WOOI HUAT (STA 2)	482,400	0.38
25	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHEN THEAN SEONG	422,800	0.34
26	RHB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LOH WOEI GIAP	412,000	0.33
27	GOH CHENG KANG	384,300	0.31
28	DENNIS CHUNG VUI MING	300,000	0.24
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN CHIN HOOI	274,000	0.22
30	WONG YUEN KIONG	240,100	0.19

Note:

[^] Excluding a total of 494,300 shares bought-back by the Company and retained as treasury shares.

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

CONTENTS

Directors' Report	➤	61 - 64
Statement By Directors	➤	65
Statutory Declaration	➤	65
Independent Auditors' Report To The Members	➤	66 - 69
Statements Of Financial Position	➤	70
Statements Of Profit Or Loss And Other Comprehensive Income	➤	71
Consolidated Statement Of Changes In Equity	➤	72
Statement Of Changes In Equity	➤	73
Statements Of Cash Flows	➤	74 - 76
Notes To The Financial Statements	➤	77 - 112

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES ➤

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out 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	2,577,360	722,895
Attributable to:		
Owners of the parent	2,577,360	722,895

DIVIDENDS ➤

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of financial year ended 30 June 2019:	
First and final single tier dividend of 1.5 sen per ordinary share, paid on 23 December 2019	1,894,352

The Directors proposed a first and final single tier dividend of 0.5 sen per ordinary share amounting to RM628,979 in respect of the financial year ended 30 June 2020, subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS ➤

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES ➤

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES ➤

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS' REPORT (cont'd)

DIRECTORS ➤

The Directors who have held office during the financial year and up to the date of this report are as follows:

CWG Holdings Berhad

Dato' Mohd Junid Bin Mohd Noor @ Md Noor

Ooi Chin Soon*

Tan Hing Ming @ Chin Hing Ming*

Lee Eng Sheng* (appointed on 27 November 2019)

Razmi Bin Alias

Loh Seong Yew (appointed on 19 September 2019)

Ng Tiang Yong (appointed on 27 November 2019)

Khor Say Beng* (retired on 12 November 2019)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Subsidiaries of CWG Holdings Berhad (excluding those who are listed above)

Gooi Boon Chuan

Khor Wan Keong (resigned on 26 November 2019)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 30 June 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Number of ordinary shares			Balance as at 30.06.2020
	Balance as at 01.07.2019	Bought	Sold	
<u>Direct interests</u>				
Ooi Chin Soon	28,527,500	0	0	28,527,500
Ng Tiang Yong	0	1,366,800	0	1,366,800

By virtue of Ooi Chin Soon's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS ➤

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the 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 deemed benefits arising from related party transactions as disclosed in Note 29 to the financial statements and remuneration received by certain Directors as Directors of subsidiaries.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (cont'd)

TREASURY SHARES ➤

The shareholders of the Company, by an ordinary resolution passed at Annual General Meeting ('AGM') held on 27 November 2019, approved for the Company to repurchase its own shares.

During the current financial year, the Company repurchased 494,300 of its issued ordinary shares from the open market at an average price of RM0.30 per share. The total consideration paid for the repurchased shares was RM145,905. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2020, 494,300 out of the total 126,290,103 issued and fully paid-up ordinary shares are held as treasury shares by the Company. Such treasury shares are held at a carrying amount of RM145,905 and further relevant details are disclosed in Note 11(b) to the financial statements.

DIRECTORS' REMUNERATION ➤

Fees and other benefits of the Directors who have held office during the financial year ended 30 June 2020 are as follows:

	Group RM	Company RM
Fees	157,550	121,800
Other emoluments	486,947	95,911
	644,497	217,711

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS ➤

The Group and the Company maintain a corporate liability insurance for the Directors and officers of the Group and of the Company throughout the financial year, which provide appropriate insurance cover for the Directors and officers of the Group and of the Company. The amount of insurance premium paid by the Group and the Company for the financial year was RM13,110.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY ➤

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, 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 had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (cont'd)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen 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 financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR ➤ _____

Significant event during the financial year is disclosed in Note 31 to the financial statements.

AUDITORS ➤ _____

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 June 2020 amounted to RM6,500 and RM85,200 respectively.

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

Dato' Mohd Junid Bin Mohd Noor @ Md Noor
Director

Ooi Chin Soon
Director

Penang
25 September 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 70 to 112 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Ooi Chin Soon
Director

Penang
25 September 2020

Tan Hing Ming @ Chin Hing Ming
Director

STATUTORY DECLARATION

I, Teoh Hee Hua (CA 20545), being the officer primarily responsible for the financial management of CWG Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 70 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Georgetown in the State of
Penang this 25 September 2020

Teoh Hee Hua

Before me,
Haji Mohamed Yusoff Bin Mohd Ibrahim
No. P 156
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of CWG Holdings Berhad
(Registration No. 201601035444 (1206385-W))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements ➤

Opinion

We have audited the financial statements of CWG Holdings Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and the statements of profit or loss and other 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 significant accounting policies, as set out on pages 70 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') 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 ('ISAs'). 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 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.

(a) Impairment of trade receivables

Gross trade receivables of the Group as at 30 June 2020 were RM11,537,991 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT

To The Members Of CWG Holdings Berhad (cont'd)
(Registration No. 201601035444 (1206385-W))
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

(b) Valuation of inventories

The Group holds significant amount of inventories amounted to RM47,329,417 as disclosed in Note 8 to the financial statements which may be exposed to slow moving or obsolescence risk.

We determined this to be a key audit matter because there is inherent subjectivity and estimation involved in determining the adequacy of allowance for inventory obsolescence and in assessing the net realisable value of inventories requiring impairment.

Audit response

Our audit procedures included the following:

- (i) Tested the accuracy of the inventories ageing report provided by the management;
- (ii) Inspected sales invoices issued subsequent to the end of reporting period to determine the net realisable value of inventories; and
- (iii) Assessed the reasonableness and adequacy of the allowance for inventory obsolescence recognised in the financial statements.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance or 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 financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs 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 ability of the Group and of the Company 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.

INDEPENDENT AUDITORS' REPORT

To The Members Of CWG Holdings Berhad (cont'd)
(Registration No. 201601035444 (1206385-W))
(Incorporated in Malaysia)

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 ISAs 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 ISAs, 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 controls 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 internal control of the Group and of the Company.
- 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 ability of the Group and of the Company 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 Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT

To The Members Of CWG Holdings Berhad (cont'd)
(Registration No. 201601035444 (1206385-W))
(Incorporated in Malaysia)

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

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

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

Other Matters

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.

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Penang
25 September 2020

Lee Beng Tuan

03271/07/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	28,341,109	38,058,404	0	0
Right-of-use assets	6	6,903,349	0	0	0
Investment in a subsidiary	7	0	0	53,151,142	53,151,142
		35,244,458	38,058,404	53,151,142	53,151,142
Current assets					
Inventories	8	47,329,417	50,900,347	0	0
Trade and other receivables	9	12,699,684	10,754,099	21,526,626	31,747,586
Current tax assets		256,345	34,017	46,676	0
Cash and cash equivalents	10	14,597,197	8,552,392	8,841,766	174,351
		74,882,643	70,240,855	30,415,068	31,921,937
TOTAL ASSETS		110,127,101	108,299,259	83,566,210	85,073,079
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	11(a)	63,145,052	63,145,052	63,145,052	63,145,052
Treasury shares	11(b)	(145,905)	0	(145,905)	0
Reserves	12	22,554,466	21,871,458	20,516,874	21,688,331
TOTAL EQUITY		85,553,613	85,016,510	83,516,021	84,833,383
LIABILITIES					
Non-current liabilities					
Borrowings	13	1,302,107	1,935,556	0	0
Lease liabilities	6	206,311	0	0	0
Retirement benefit obligations	16	851,782	1,772,535	0	0
Deferred tax liabilities	17	2,764,209	2,905,936	0	0
		5,124,409	6,614,027	0	0
Current liabilities					
Trade and other payables	18	9,583,417	9,835,938	50,189	121,196
Contract liabilities	19	831,674	816,366	0	0
Borrowings	13	8,715,680	4,958,502	0	0
Lease liabilities	6	215,000	0	0	0
Derivative liabilities	20	14,111	0	0	0
Current tax liabilities		89,197	1,057,916	0	118,500
		19,449,079	16,668,722	50,189	239,696
TOTAL LIABILITIES		24,573,488	23,282,749	50,189	239,696
TOTAL EQUITY AND LIABILITIES		110,127,101	108,299,259	83,566,210	85,073,079

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	22	84,905,213	101,554,524	170,395	10,921,810
Cost of sales	23	(69,408,252)	(78,766,755)	0	0
Gross profit		15,496,961	22,787,769	170,395	10,921,810
Other operating income		1,124,584	1,257,354	1,198,033	1,392,545
Selling and distribution costs		(5,178,324)	(5,846,609)	0	0
Administrative and general expenses		(7,797,752)	(10,656,468)	(485,545)	(484,710)
Finance costs	24	(266,950)	(575,054)	0	(1,399)
Profit before tax		3,378,519	6,966,992	882,883	11,828,246
Tax expense	25	(801,159)	(1,778,662)	(159,988)	(366,637)
Profit for the financial year		2,577,360	5,188,330	722,895	11,461,609
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss:					
- remeasurements of defined benefit obligations		0	(56,935)	0	0
- deferred tax effects thereof		0	13,664	0	0
Total comprehensive income, net of tax		2,577,360	5,145,059	722,895	11,461,609
Profit attributable to owners of the parent		2,577,360	5,188,330	722,895	11,461,609
Total comprehensive income attributable to owners of the parent		2,577,360	5,145,059	722,895	11,461,609
Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	26	2.04	4.11		
Diluted	26	2.04	4.11		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2020

Group	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	
Balance as at 1 July 2018		63,145,052	0	164,037	18,456,714	81,765,803
Profit for the financial year		0	0	0	5,188,330	5,188,330
Other comprehensive income:						
- remeasurements of defined benefit obligations		0	0	0	(56,935)	(56,935)
- deferred tax effects thereof		0	0	0	13,664	13,664
Total comprehensive income		0	0	0	5,145,059	5,145,059
Transaction with owners						
Dividend paid	27	0	0	0	(1,894,352)	(1,894,352)
Balance as at 30 June 2019		63,145,052	0	164,037	21,707,421	85,016,510
Balance as at 1 July 2019		63,145,052	0	164,037	21,707,421	85,016,510
Profit for the financial year		0	0	0	2,577,360	2,577,360
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	2,577,360	2,577,360
Transactions with owners						
Dividend paid	27	0	0	0	(1,894,352)	(1,894,352)
Purchase of treasury shares	11(b)	0	(145,905)	0	0	(145,905)
Total transactions with owners		0	(145,905)	0	(1,894,352)	(2,040,257)
Balance as at 30 June 2020		63,145,052	(145,905)	164,037	22,390,429	85,553,613

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2020

Company	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	
Balance as at 1 July 2018		63,145,052	0	10,151,142	1,969,932	75,266,126
Profit for the financial year		0	0	0	11,461,609	11,461,609
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	11,461,609	11,461,609
Transaction with owners						
Dividend paid	27	0	0	0	(1,894,352)	(1,894,352)
Balance as at 30 June 2019		63,145,052	0	10,151,142	11,537,189	84,833,383
Balance as at 1 July 2019		63,145,052	0	10,151,142	11,537,189	84,833,383
Profit for the financial year		0	0	0	722,895	722,895
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	722,895	722,895
Transactions with owners						
Dividend paid	27	0	0	0	(1,894,352)	(1,894,352)
Purchase of treasury shares	11(b)	0	(145,905)	0	0	(145,905)
Total transactions with owners		0	(145,905)	0	(1,894,352)	(2,040,257)
Balance as at 30 June 2020		63,145,052	(145,905)	10,151,142	10,365,732	83,516,021

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		3,378,519	6,966,992	882,883	11,828,246
Adjustments for:					
Bad debts written off		129,733	0	0	0
Deposits forfeited		(10,683)	(230)	0	0
Depreciation of property, plant and equipment	5	3,092,134	3,638,412	0	0
Depreciation of right-of-use assets	6	515,367	0	0	0
Dividend income from a subsidiary	22	0	0	0	(10,750,000)
Fair value adjustments on derivative liabilities	20	14,111	0	0	0
Gain on disposal of property, plant and equipment		(85,433)	(350,742)	0	0
Impairment losses on trade receivables	9(g)	99,727	11,656	0	0
Interest expenses	24	266,950	575,054	0	1,399
Interest income		(287,553)	(10,023)	(1,198,033)	(1,392,545)
Inventories written down		822,830	759,719	0	0
Provision for retirement benefits		285,799	813,142	0	0
Reversal of impairment losses on trade receivables	9(g)	(15,315)	(25,906)	0	0
Reversal of defined benefit cost	16(b)	(1,150,000)	0	0	0
Unrealised loss on foreign exchange		166,534	85,567	0	0
Operating profit/(loss) before changes in working capital		7,222,720	12,463,641	(315,150)	(312,900)
Changes in working capital:					
Inventories		2,748,100	8,239,075	0	0
Trade and other receivables		(2,289,255)	2,319,511	(655,254)	40,665
Trade and other payables		(252,521)	(6,212,154)	(71,007)	(2,823)
Contract liabilities		15,308	(2,411,350)	0	0
Retirement benefits paid	16(b)	(56,552)	(50,855)	0	0
Cash generated from/(used in) operations		7,387,800	14,347,868	(1,041,411)	(275,058)
Tax paid		(2,138,168)	(1,458,705)	(325,164)	(302,994)
Tax refunded		4,235	70,460	0	0
Net cash from/(used in) operating activities		5,253,867	12,959,623	(1,366,575)	(578,052)
CASH FLOWS FROM INVESTING ACTIVITIES					
Decrease/(Increase) in amount owing by a subsidiary		0	0	10,829,299	(9,554,462)
Dividend received from a subsidiary		0	0	0	10,750,000
Interest received		277,403	10,776	1,244,948	1,357,668
Purchase of:					
- property, plant and equipment	5(b)	(354,225)	(902,968)	0	0
- right-of-use assets	6(d)	(174,905)	0	0	0
Proceeds from disposal of property, plant and equipment		298,165	381,563	0	0
Net cash from/(used in) investing activities		46,438	(510,629)	12,074,247	2,553,206

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

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	27	(1,894,352)	(1,894,352)	(1,894,352)	(1,894,352)
Interest paid		(14,964)	(69,134)	0	(1,399)
Net increase/(decrease) in short term borrowings		4,640,453	(3,892,462)	0	0
Purchase of treasury shares	11(b)	(145,905)	0	(145,905)	0
Repayment of:					
- term loan		(741,604)	(788,013)	0	0
- hire purchase creditors		0	(2,027,905)	0	0
- lease liabilities		(1,082,952)	0	0	0
Net cash from/(used in) financing activities		760,676	(8,671,866)	(2,040,257)	(1,895,751)
Net increase in cash and cash equivalents		6,060,981	3,777,128	8,667,415	79,403
Cash and cash equivalents at beginning of financial year		8,552,392	4,792,543	174,351	94,948
Effects of exchange rate changes on cash and cash equivalents		(16,176)	(17,279)	0	0
Cash and cash equivalents at end of financial year	10	14,597,197	8,552,392	8,841,766	174,351

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

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2020

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities	Short term borrowings (Bankers' acceptances)	Term loan	Hire purchase creditors
	Note 6 RM	RM	Note 13 RM	RM
Balance as at 1 July 2018	0	7,047,725	3,177,095	2,671,698
Cash flows	0	(3,892,462)	(788,013)	(2,027,905)
Non-cash flows:				
- unwinding of interest	0	209,317	163,017	333,586
Balance as at 30 June 2019	0	3,364,580	2,552,099	977,379
Balance as at 1 July 2019, as previously reported	0	3,364,580	2,552,099	977,379
Effects of adoption of MFRS 16	977,379	0	0	(977,379)
Balance as at 1 July 2019, as restated	977,379	3,364,580	2,552,099	0
Cash flows	(1,082,952)	4,640,453	(741,604)	0
Non-cash flows:				
- addition of lease liabilities	477,157	0	0	0
- unwinding of interest	49,727	85,651	116,608	0
Balance as at 30 June 2020	421,311	8,090,684	1,927,103	0

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

1. CORPORATE INFORMATION >

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 and principal place of business of the Company are located at 6428, Lorong Mak Mandin 3, Mak Mandin Industrial Estate, 13400 Butterworth, Penang.

The consolidated financial statements for the financial year ended 30 June 2020 comprise the financial statements of the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 September 2020.

2. PRINCIPAL ACTIVITIES >

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

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

3. BASIS OF PREPARATION >

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRSs'), International Financial Reporting Standards ('IFRSs') and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 32.1 to the financial statements.

The Group and the Company applied MFRS 16 *Leases* for the first time during the current financial year, using the cumulative effect method as at 1 July 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in financial statements.

4. OPERATING SEGMENTS >

For management purpose, the Group is organised into business units based on their products and services, and has arrived two (2) reportable segments as follows:

- (i) manufacture and sale of stationery and printing materials; and
- (ii) investment holding.

Segmental information based on operating segments have not been presented as the Group is primarily engaged in the manufacture and sale of stationery and printing materials whilst the contribution from the investment holding is less than ten percent (10%) of the quantitative thresholds.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

4. OPERATING SEGMENTS (cont'd) ➤

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements.

(a) Geographical information

The manufacturing facilities and sales offices of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

All the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown/details of the segment assets of the Group.

Revenue information based on the geographical location of customers is as follows:

	2020 RM	2019 RM
Malaysia	17,678,017	21,913,443
Other Asian countries	33,437,581	40,629,718
Africa	494,132	260,800
America	2,414,437	2,981,039
Europe	9,579,287	12,233,373
Oceania	21,301,759	23,536,151
	<u>84,905,213</u>	<u>101,554,524</u>

(b) Major customer

The Group does not have any major customer that contributed to ten (10) percent or more of its total revenue. In the previous financial year, a major customer with revenue equal or more than ten (10) percent of the total revenue of the Group amounting to RM11,311,309.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

5. PROPERTY, PLANT AND EQUIPMENT ➤

Group	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 (Note 32.1) RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Transfer from right-of- use assets RM	Balance as at 30.06.2020 RM
Carrying amount							
Freehold land	830,000	0	0	0	0	0	830,000
Leasehold land	6,366,630	(6,366,630)	0	0	0	0	0
Buildings	13,961,255	0	2,800	0	(722,649)	0	13,241,406
Machinery and equipment	15,880,299	(4,627,627)	289,682	(52,566)	(2,176,131)	4,518,258	13,831,915
Office equipment, furniture and fixtures	347,616	0	61,743	0	(83,944)	0	325,415
Motor vehicles	672,604	(465,381)	0	(160,166)	(109,410)	174,726	112,373
Renovation	0	0	0	0	0	0	0
	38,058,404	(11,459,638)	354,225	(212,732)	(3,092,134)	4,692,984	28,341,109

----- Balance as at 30.06.2020 -----

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	830,000	0	830,000
Buildings	18,414,832	(5,173,426)	13,241,406
Machinery and equipment	57,642,063	(43,810,148)	13,831,915
Office equipment, furniture and fixtures	2,228,419	(1,903,004)	325,415
Motor vehicles	1,092,600	(980,227)	112,373
Renovation	47,393	(47,393)	0
	80,255,307	(51,914,198)	28,341,109

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

5. PROPERTY, PLANT AND EQUIPMENT (cont'd) ➤

Group	Balance as at 01.07.2018 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Balance as at 30.06.2019 RM
Carrying amount					
Freehold land	830,000	0	0	0	830,000
Leasehold land	6,608,077	0	0	(241,447)	6,366,630
Buildings	14,551,805	129,238	0	(719,788)	13,961,255
Machinery and equipment	17,824,034	437,599	(30,820)	(2,350,514)	15,880,299
Office equipment, furniture and fixtures	217,971	200,114	0	(70,469)	347,616
Motor vehicles	592,782	336,017	(1)	(256,194)	672,604
Renovation	0	0	0	0	0
	40,624,669	1,102,968	(30,821)	(3,638,412)	38,058,404

----- Balance as at 30.06.2019 -----

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	830,000	0	830,000
Leasehold land	7,721,165	(1,354,535)	6,366,630
Buildings	18,412,032	(4,450,777)	13,961,255
Machinery and equipment	58,372,319	(42,492,020)	15,880,299
Office equipment, furniture and fixtures	2,166,676	(1,819,060)	347,616
Motor vehicles	1,865,433	(1,192,829)	672,604
Renovation	47,393	(47,393)	0
	89,415,018	(51,356,614)	38,058,404

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

5. PROPERTY, PLANT AND EQUIPMENT (cont'd) ➤

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation periods and rates are as follows:

Leasehold land	26 - 77 years
Buildings	2 - 3.8%
Machinery and equipment	5 - 10%
Office equipment, furniture and fixtures	10 - 20%
Motor vehicles	20%
Renovation	20%

Freehold land has an unlimited useful life and is not depreciated.

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020	2019
	RM	RM
Purchase of property, plant and equipment	354,225	1,102,968
Financed by hire purchase arrangement	0	(200,000)
Cash payments on purchase of property, plant and equipment	<u>354,225</u>	<u>902,968</u>

- (c) In the previous financial year, the carrying amounts of the property, plant and equipment acquired under hire purchase arrangements were as follows:

	Group
	2019
	RM
Motor vehicles	465,381
Machinery and equipment	4,627,627
	<u>5,093,008</u>

- (d) The carrying amounts of the property, plant and equipment charged to a bank for credit facility as disclosed in Note 14 to the financial statements are as follows:

	Group	
	2020	2019
	RM	RM
Leasehold land	0	2,962,898
Building	4,723,661	4,946,533
	<u>4,723,661</u>	<u>7,909,431</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

6. LEASES >

The Group as lessee

Right-of-use assets

	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 (Note 32.1) RM	Additions RM	Depreciation RM	Transfer to property, plant and equipment RM	Balance as at 30.06.2020 RM
Carrying amount						
Leasehold land	0	6,366,630	0	(241,447)	0	6,125,183
Machinery and equipment	0	4,627,627	0	(109,369)	(4,518,258)	0
Motor vehicles	0	465,381	349,905	(112,371)	(174,726)	528,189
Rented properties	0	0	302,157	(52,180)	0	249,977
	0	11,459,638	652,062	(515,367)	(4,692,984)	6,903,349

Lease liabilities

	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 (Note 32.1) RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.06.2020 RM
Machinery and equipment	0	833,005	0	(871,956)	38,951	0
Motor vehicles	0	144,374	175,000	(156,236)	6,222	169,360
Rented properties	0	0	302,157	(54,760)	4,554	251,951
	0	977,379	477,157	(1,082,952)	49,727	421,311

**Group
2020
RM**

Represented by:

Current liabilities	215,000
Non-current liabilities	206,311
	<u>421,311</u>

Lease liabilities owing to financial institutions	169,360
Lease liabilities owing to non-financial institutions	251,951
	<u>421,311</u>

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

6. LEASES (cont'd) ➤

The Group as lessee (cont'd)

- (b) The right-of-use assets are depreciated on the straight line basis from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal annual depreciation periods and rates are as follows:

Leasehold land	26 - 77 years
Machinery and equipment	5%
Motor vehicles	20%
Rented properties	2 years

- (c) Included in right-of-use assets of the Group, certain leasehold land with a carrying amount of RM2,829,734 is charged to a bank for credit facility as disclosed in Note 14 to the financial statements.
- (d) During the financial year, the Group made cash payment of RM174,905 to acquire right-of-use asset on motor vehicle.
- (e) The Group has certain leases of rented properties with lease terms of twelve (12) months or less. The Group applies the 'short term lease' exemption for these leases.
- (f) The following are the amounts recognised in profit or loss:

	Group 2020 RM
Depreciation charge of right-of-use assets (included in cost of sales)	363,066
Depreciation charge of right-of-use assets (included in administrative and general expenses)	152,301
Interest expense on lease liabilities (included in finance costs)	49,727
Expense relating to short term leases (included in administrative and general expenses)	155,900
	<u>720,994</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

6. LEASES (cont'd) ➤

The Group as lessee (cont'd)

- (g) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The followings are the undiscounted potential future rental payments that are not included in the lease term:

Group	Within 5 years RM	More than 5 years RM	Total RM
30 June 2020			
Extension options expected not to be exercised	118,800	0	118,800

- (h) The table below summarises the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Weighted average incremental borrowing rate per annum %	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
30 June 2020					
Lease liabilities	4.48	157,920	104,348	0	262,268

Group	Weighted average effective interest rate per annum %	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
30 June 2020					
Lease liabilities	4.30	71,003	108,963	0	179,966

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

7. INVESTMENT IN A SUBSIDIARY ➤

	Company	
	2020 RM	2019 RM
At cost		
Unquoted shares	53,151,142	53,151,142

(a) Investment in a subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any.

(b) Details of the subsidiary are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
Chee Wah Corporation Berhad	Malaysia	100%	100%	Investment holding, manufacture and sale of stationery and printing materials

Subsidiaries of Chee Wah Corporation Berhad

Chee Wah (M) Sdn. Bhd.	Malaysia	100%	100%	Investment holding and sale of stationery
Camel Paper Products Sdn. Bhd.	Malaysia	100%	100%	Inactive

Subsidiaries of Chee Wah (M) Sdn. Bhd.

Campap Marketing Sdn. Bhd.	Malaysia	100%	100%	Sale of stationery
Arto Art Sdn. Bhd.	Malaysia	100%	100%	Inactive
Future Ace E-Commerce Sdn. Bhd. (Formerly known as Future Ace Publishing Sdn. Bhd.)	Malaysia	100%	100%	Inactive

All subsidiaries are audited by BDO PLT in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

8. INVENTORIES >

	Group	
	2020 RM	2019 RM
At cost		
Raw materials	21,719,760	27,069,961
Work-in-progress	2,333,107	2,195,732
Finished goods	11,907,646	14,014,470
Goods-in-transit	3,892,785	3,309,148
	39,853,298	46,589,311
At net realisable value		
Raw materials	5,424,954	2,261,065
Finished goods	2,051,165	2,049,971
	47,329,417	50,900,347

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average basis.

The Group writes down its slow moving or obsolete inventories whenever events indicate that the carrying amounts could not be recovered (eg. percentage of write down based on ageing of inventories). Management specifically analyses the ageing of the inventories and estimated sales values when making these judgements to evaluate the adequacy of inventories written down.

During the financial year, the Group had written down inventories amounted to RM822,830 (2019: RM759,719) as cost of sales.

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM49,125,247 (2019: RM57,427,981).

9. TRADE AND OTHER RECEIVABLES >

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	11,537,991	9,958,397	0	0
Related party	0	26,978	0	0
Subsidiaries	0	0	73,610	21,295
	11,537,991	9,985,375	73,610	21,295
Less: Impairment losses	(126,493)	(43,283)	0	0
Total trade receivables	11,411,498	9,942,092	73,610	21,295
Other receivables				
Other receivables	292,391	288,109	10,150	0
Amount owing by a subsidiary	0	0	20,828,927	31,715,291
Deposits	896,064	240,774	603,939	1,000
Total other receivables	1,188,455	528,883	21,443,016	31,716,291
Total receivables	12,599,953	10,470,975	21,516,626	31,737,586
Prepayments	99,731	283,124	10,000	10,000
Total trade and other receivables	12,699,684	10,754,099	21,526,626	31,747,586

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

9. TRADE AND OTHER RECEIVABLES (cont'd) ➤

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables, including amounts owing by a related party and subsidiaries are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 to 180 days (2019: 30 to 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.
- (c) In the previous financial year, the related party was a company incorporated in Malaysia, in which close family members of certain Directors of the Group had significant and controlling financial interests.
- (d) The non-trade portion of amount owing by a subsidiary is unsecured, bears interest rates ranging from 3.50% to 4.50% (2019: 4.49% to 4.75%) per annum and payable within next twelve (12) months in cash and cash equivalents.
- (e) The currency exposure profile of total receivables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	3,941,652	4,274,261	21,516,626	31,737,586
United States Dollar	7,844,950	5,868,959	0	0
Others	813,351	327,755	0	0
	12,599,953	10,470,975	21,516,626	31,737,586

- (f) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on a common credit risk characteristic - geographic region.

The expected loss rates are based on the historical credit losses experienced by the Group over the four-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the global gross domestic product and producer price index as the key macroeconomic factors.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative and general expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

9. TRADE AND OTHER RECEIVABLES (cont'd) ➤

(g) Movements in the impairment allowance for trade receivables are as follows:

Group	Lifetime ECL* allowance RM	Credit impaired RM	Total allowance RM
Balance as at 1 July 2019	25,972	17,311	43,283
Reversal of impairment losses	0	(15,315)	(15,315)
Charge for the financial year	80,338	19,389	99,727
Written off	0	(1,202)	(1,202)
Balance as at 30 June 2020	106,310	20,183	126,493
Balance as at 1 July 2018	47,335	10,198	57,533
Reversal of impairment losses	(21,363)	(4,543)	(25,906)
Charge for the financial year	0	11,656	11,656
Balance as at 30 June 2019	25,972	17,311	43,283

* Expected credit losses

Credit impaired refers to individually determined debtors who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

(h) Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM	Lifetime ECL allowance RM	Credit impaired RM	Net carrying amount RM
30 June 2020				
Current	8,089,666	(10,002)	0	8,079,664
1 to 30 days past due	1,876,608	(18,416)	0	1,858,192
31 to 120 days past due	1,327,416	(44,915)	0	1,282,501
More than 120 days past due	244,301	(32,977)	(20,183)	191,141
Total	11,537,991	(106,310)	(20,183)	11,411,498
30 June 2019				
Current	8,769,335	(4,960)	0	8,764,375
1 to 30 days past due	656,651	(4,695)	0	651,956
31 to 120 days past due	517,703	(13,468)	0	504,235
More than 120 days past due	41,686	(2,849)	(17,311)	21,526
Total	9,985,375	(25,972)	(17,311)	9,942,092

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

9. TRADE AND OTHER RECEIVABLES (cont'd) ➤

- (i) Impairment for other receivables and non-trade portion for amount owing by a subsidiary are recognised based on the general approach within MFRS 9 using the forward-looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on changes to contractual terms and delay in payment.

The probability of non-payment of other receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables. The Group has identified the gross domestic product as the key macroeconomic factor.

No expected credit loss is recognised arising from other receivables as it is negligible.

- (j) The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group			
	2020		2019	
	RM	% of total	RM	% of total
By country				
Malaysia	2,922,630	26%	3,794,326	38%
Other Asian countries	5,144,345	45%	2,658,231	27%
Europe	1,559,466	14%	2,511,420	25%
Oceania	981,946	8%	801,224	8%
America	756,011	7%	176,891	2%
Africa	47,100	*	0	0%
	11,411,498	100%	9,942,092	100%

* Less than 1%

At the end of the reporting period, approximately 11% (2019: 17%) of the trade receivables of the Group was due from one (1) (2019: one (1)) major customer who is multi-industry conglomerates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

9. TRADE AND OTHER RECEIVABLES (cont'd) ➤

- (k) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible changes in the USD exchange rate against the functional currency of the Group with all other variables held constant:

	Group	
	2020 RM	2019 RM
Profit after tax		
USD/RM - strengthen by 10% (2019: 10%)	596,216	446,041
- weaken by 10% (2019: 10%)	(596,216)	(446,041)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

10. CASH AND CASH EQUIVALENTS ➤

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	5,815,700	6,052,392	60,269	174,351
Deposit with a licensed bank (not more than three (3) months)	0	2,500,000	0	0
Short term funds	8,781,497	0	8,781,497	0
	<u>14,597,197</u>	<u>8,552,392</u>	<u>8,841,766</u>	<u>174,351</u>

- (a) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	13,448,496	7,247,362	8,841,766	174,351
United States Dollar	1,129,275	1,264,380	0	0
Others	19,426	40,650	0	0
	<u>14,597,197</u>	<u>8,552,392</u>	<u>8,841,766</u>	<u>174,351</u>

- (b) Short term funds are classified as financial assets at fair value through profit or loss.

Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

Short term funds of the Group and of the Company are investments in money market funds, which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Short term funds of the Group and of the Company are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

10. CASH AND CASH EQUIVALENTS (cont'd) ➤

- (c) In the previous financial year, the effective interest rate of deposit with a licensed bank of the Group was 1.70% per annum.
- (d) No expected credit loss was recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (e) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible changes in the USD exchange rate against the functional currency of the Group with all other variables held constant:

	Group	
	2020 RM	2019 RM
Profit after tax		
USD/RM - strengthen by 10% (2019: 10%)	85,825	96,093
- weaken by 10% (2019: 10%)	(85,825)	(96,093)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

11. SHARE CAPITAL ➤

- (a) Share capital

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
Issued and fully paid-up				
Ordinary shares	126,290,103	63,145,052	126,290,103	63,145,052

Owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

11. SHARE CAPITAL (cont'd) ➤

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at Annual General Meeting ('AGM') held on 27 November 2019, approved for the Company to repurchase its own shares.

	Group and Company 2020	
	Number of shares	Amount RM
Balance as at 1 July 2019	0	0
Purchase of treasury shares	494,300	145,905
Balance as at 30 June 2020	494,300	145,905

- (i) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

- (ii) During the current financial year, the Company repurchased 494,300 of its issued ordinary shares from the open market at an average price of RM0.30 per share. The total consideration paid for the repurchased shares was RM145,905. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

As at 30 June 2020, 494,300 out of the total 126,290,103 issued and fully paid-up ordinary shares are held as treasury shares by the Company. The number of ordinary shares in issue and fully paid as at 30 June 2020 after excluding the treasury shares is 125,795,803.

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

12. RESERVES ➤

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable				
Capital reserve	164,037	164,037	10,151,142	10,151,142
Distributable				
Retained earnings	22,390,429	21,707,421	10,365,732	11,537,189
	22,554,466	21,871,458	20,516,874	21,688,331

Capital reserve

Capital reserve arose from the internal reorganisation by Chee Wah Corporation Berhad ('CWCB') which had taken effect on 30 June 2017 and completed on 13 July 2017 following the delisting of CWCB's shares and with the listing of CWG Holdings Berhad's shares.

13. BORROWINGS ➤

	Group	
	2020 RM	2019 RM
Current liabilities		
Term loan (Note 14)	624,996	624,996
Hire purchase creditors (Note 15)	0	968,926
Bankers' acceptances	8,090,684	3,364,580
	8,715,680	4,958,502
Non-current liabilities		
Term loan (Note 14)	1,302,107	1,927,103
Hire purchase creditors (Note 15)	0	8,453
	1,302,107	1,935,556
Total borrowings		
Term loan (Note 14)	1,927,103	2,552,099
Hire purchase creditors (Note 15)	0	977,379
Bankers' acceptances	8,090,684	3,364,580
	10,017,787	6,894,058

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

13. BORROWINGS (cont'd) ➤

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) Movements of borrowings upon adoption of MFRS 16 are as follows:

Group	Term loan RM	Hire purchase creditors RM	Bankers' acceptances RM	Total RM
Balance as at 1 July 2019, as previously reported	2,552,099	977,379	3,364,580	6,894,058
Effects of adoption of MFRS 16 (Note 32.1)	0	(977,379)	0	(977,379)
Balance as at 1 July 2019, as restated	2,552,099	0	3,364,580	5,916,679

- (d) Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (e) Borrowings that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values are as follows:

	Group			
	2020 Carrying amount RM	Fair value RM	2019 Carrying amount RM	Fair value RM
Hire purchase creditors	0	0	977,379	963,956

In the previous financial year, the fair value of hire purchase creditors were estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

13. BORROWINGS (cont'd) ➤

- (f) The following table set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1-2 years RM	2-3 years RM	3-4 years RM	4-5 years RM	More than 5 years RM	Total RM
As at 30 June 2020									
Floating rates									
Bankers' acceptances	13	3.94	8,090,684	0	0	0	0	0	8,090,684
Term loan	14	5.14	624,996	624,996	624,996	52,115	0	0	1,927,103
As at 30 June 2019									
Fixed rates									
Hire purchase creditors	15	5.90	968,926	8,453	0	0	0	0	977,379
Floating rates									
Bankers' acceptances	13	4.99	3,364,580	0	0	0	0	0	3,364,580
Term loan	14	5.59	624,996	1,927,103	0	0	0	0	2,552,099

- (g) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follow:

Group	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
As at 30 June 2020				
Borrowings	8,800,071	1,374,744	0	10,174,815
As at 30 June 2019				
Borrowings	5,128,915	1,944,975	0	7,073,890

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

13. BORROWINGS (cont'd) ➤

- (h) The following table demonstrates the sensitivity analysis of the Group if interest rates of borrowings of the Group at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group	
	2020 RM	2019 RM
Profit after tax		
- increase by 0.5% (2019: 0.5%)	(15,123)	(13,711)
- decrease by 0.5% (2019: 0.5%)	15,123	13,711

14. TERM LOAN ➤

Term loan of the Group is secured by legal charge over certain leasehold land and building as disclosed in Note 5 and Note 6 to the financial statements.

15. HIRE PURCHASE CREDITORS ➤

	Group 2019 RM
Minimum hire purchase payments:	
- not later than one (1) year	1,012,622
- later than one (1) year and not later than five (5) years	8,723
Total minimum hire purchase payments	1,021,345
Less: Future interest charges	(43,966)
Present value of hire purchase payments	977,379
Repayable as follows:	
Current liabilities:	
- not later than one (1) year	968,926
Non-current liabilities:	
- later than one (1) year and not later than five (5) years	8,453
	977,379

16. RETIREMENT BENEFIT OBLIGATIONS ➤

- (a) The Group operates final salary defined benefit plan with guaranteed lump sum payment at retirement and early retirement for its eligible employees.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

16. RETIREMENT BENEFIT OBLIGATIONS (cont'd) >

(b) The present value of defined benefit obligations are as follows:

	Group	
	2020 RM	2019 RM
Balance as at 1 July 2019/2018	1,772,535	953,313
Defined benefit costs	285,799	870,077
Reversal of defined benefit cost*	(1,150,000)	0
Benefits paid	(56,552)	(50,855)
Balance as at 30 June	851,782	1,772,535

* Reversal of defined benefit cost arises due to the early retirement of an ex-Director, Khor Say Beng on 12 November 2019 before the completion of the contractual service period.

(c) The components of defined benefit costs are as follows:

	Group	
	2020 RM	2019 RM
Current service cost	243,421	642,675
Past service cost	0	129,520
Interest expense	42,378	40,947
Remeasurements arising from:		
- changes in financial assumptions	0	23,132
- experience adjustments	0	33,803
	285,799	870,077

(d) The principal actuarial assumptions used to determine the present value of the defined benefit obligations are as follows:

	Group	
	2020 %	2019 %
Discount rate	5.30	5.30
Expected rate of salary increase	5.50	5.50

(e) The following table demonstrates the sensitivity analysis of the Group if significant actuarial assumptions at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group	
	2020 RM	2019 RM
Increase in discount rate by 1% (2019: 1%)	(55,547)	(56,583)
Decrease in discount rate by 1% (2019: 1%)	62,683	64,016
Increase in expected rate of salary by 1% (2019: 1%)	74,863	67,512
Decrease in expected rate of salary by 1% (2019: 1%)	(67,146)	(60,705)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

16. RETIREMENT BENEFIT OBLIGATIONS (cont'd) ➤

- (f) The weighted average duration of the defined benefit obligations is seven (7) years.

17. DEFERRED TAX LIABILITIES ➤

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2020 RM	2019 RM
Balance as at 1 July 2019/2018	2,905,936	3,469,188
Recognised in profit or loss (Note 25)	(141,727)	(549,588)
Recognised in other comprehensive income	0	(13,664)
Balance as at 30 June	2,764,209	2,905,936
Presented after appropriate offsetting:		
- deferred tax assets, net	(1,260,000)	(1,287,344)
- deferred tax liabilities, net	4,024,209	4,193,280
	2,764,209	2,905,936

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Inventories RM	Lease liabilities RM	Retirement benefits RM	Others RM	Total RM
Balance as at 1 July 2019	679,680	0	425,664	182,000	1,287,344
Recognised in profit or loss	190,320	500	(221,664)	3,500	(27,344)
Balance as at 30 June 2020	870,000	500	204,000	185,500	1,260,000
Balance as at 1 July 2018	490,720	0	229,000	103,000	822,720
Recognised in profit or loss	188,960	0	183,000	79,000	450,960
Recognised in other comprehensive income	0	0	13,664	0	13,664
Balance as at 30 June 2019	679,680	0	425,664	182,000	1,287,344

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Total RM
Balance as at 1 July 2019	4,193,280	4,193,280
Recognised in profit or loss	(169,071)	(169,071)
Balance as at 30 June 2020	4,024,209	4,024,209
Balance as at 1 July 2018	4,291,908	4,291,908
Recognised in profit or loss	(98,628)	(98,628)
Balance as at 30 June 2019	4,193,280	4,193,280

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

17. DEFERRED TAX LIABILITIES (cont'd) ➤

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses				
- expires by 30 June 2025	708,500	917,800	0	0
Unabsorbed capital allowances	303,500	303,500	0	0
Other deductible temporary differences	362,300	396,200	11,000	10,200
	1,374,300	1,617,500	11,000	10,200

Deferred tax assets of certain subsidiaries had not been recognised in respect of these items as it was not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

18. TRADE AND OTHER PAYABLES ➤

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	6,344,933	5,458,790	0	0
Other payables				
Amount owing to a related party	0	3,608	0	0
Other payables	697,183	539,187	1,963	3,984
Accruals	2,538,315	3,483,599	48,226	117,212
Deposits	2,986	350,754	0	0
Total other payables	3,238,484	4,377,148	50,189	121,196
Total trade and other payables	9,583,417	9,835,938	50,189	121,196

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 15 to 120 days (2019: 30 to 120 days) from the date of invoice.
- (c) Amount owing to a related party was unsecured, non-interest bearing and payable upon demand in cash and cash equivalents.
- (d) In the previous financial year, the related party was a company incorporated in Malaysia, in which close family members of certain Directors of the Group had significant and controlling financial interests.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

18. TRADE AND OTHER PAYABLES (cont'd) ➤

(e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	6,588,569	7,939,624	50,189	121,196
United States Dollar	2,776,008	1,495,612	0	0
Euro Dollar	218,840	400,702	0	0
	<u>9,583,417</u>	<u>9,835,938</u>	<u>50,189</u>	<u>121,196</u>

- (f) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (g) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible changes in the USD exchange rate against the functional currency of the Group with all the other variables held constant:

	Group	
	2020 RM	2019 RM
Profit after tax		
USD/RM - strengthen by 10% (2019: 10%)	(210,977)	(113,667)
- weaken by 10% (2019: 10%)	<u>210,977</u>	<u>113,667</u>

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

19. CONTRACT LIABILITIES ➤

	Group	
	2020 RM	2019 RM
Deferred income	<u>831,674</u>	<u>816,366</u>

- (a) Contract liabilities relate to advance consideration received from customers. The liability is recognised as revenue upon satisfaction of each performance obligation.
- (b) The amount of RM816,366 (2019: RM3,227,716) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue as at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

19. CONTRACT LIABILITIES (cont'd) >

- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, is as follows:

Group	Within 1 year RM
Deferred income:	
- as at 30 June 2020	831,674
- as at 30 June 2019	<u>816,366</u>

20. DERIVATIVE LIABILITIES >

	Group 2020 Contract amount RM	Liability RM
Forward foreign exchange contracts	<u>2,128,500</u>	<u>14,111</u>

- (a) The fair value adjustments on derivative instruments is as follows:

	Group 2020 RM
Loss on derivative liabilities	<u>14,111</u>

- (b) Derivative liabilities of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (c) Forward foreign exchange contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward foreign exchange contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.
- (d) The notional amount and maturity date of the forward foreign exchange contracts outstanding of the Group as at 30 June 2020 are as follows:

Contract	Expiry date	Contract amount USD	RM equivalent
Contracts used to hedge trade receivables	July 2020	250,000	1,064,250
	July 2020	250,000	1,064,250
			<u>2,128,500</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

21. CAPITAL COMMITMENT >

	Group 2020 RM	2019 RM
Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for	127,059	16,400

22. REVENUE >

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers				
- sale of goods	84,905,213	101,554,524	0	0
Other revenue				
- dividend income from a subsidiary	0	0	0	10,750,000
- management fees	0	0	170,395	171,810
	84,905,213	101,554,524	170,395	10,921,810

- (a) Disaggregation of revenue from contracts with customers is disclosed in Note 4 to the financial statements.
- (b) Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

- (c) Dividend income is recognised when the right to receive payment is established.
- (d) Management fees are recognised when services are rendered.

23. COST OF SALES >

	Group 2020 RM	2019 RM
Cost of goods sold	69,408,252	78,766,755

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

24. FINANCE COSTS >

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
- bank overdrafts	14,964	69,134	0	0
- bankers' acceptances	85,651	209,317	0	0
- hire purchase creditors	0	133,586	0	0
- lease liabilities	49,727	0	0	0
- term loan	116,608	163,017	0	0
- amount owing to a subsidiary	0	0	0	1,399
	266,950	575,054	0	1,399

25. TAX EXPENSE >

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit for the financial year	952,400	2,257,340	193,300	363,100
(Over)/Underprovision in prior years	(9,514)	70,910	(33,312)	3,537
	942,886	2,328,250	159,988	366,637
Deferred tax liabilities (Note 17):				
Relating to origination and reversal of temporary differences	(133,391)	(556,588)	0	0
(Over)/Underprovision in prior years	(8,336)	7,000	0	0
	(141,727)	(549,588)	0	0
Tax expense for the financial year	801,159	1,778,662	159,988	366,637

The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

25. TAX EXPENSE (cont'd) ➤

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	3,378,519	6,966,992	882,883	11,828,246
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	810,800	1,672,100	211,900	2,838,800
Tax effects in respect of:				
- expenses not deductible for tax purposes	252,624	336,352	37,600	113,200
- income not subject to tax	(70,815)	(30,800)	(56,400)	(2,580,000)
- expenses eligible for double deduction	(71,800)	(88,000)	0	0
Deferred tax assets not recognised	200	12,600	200	0
Utilisation of deferred tax assets previously not recognised	(58,600)	(201,500)	0	(8,900)
Utilisation of reinvestment allowances	(43,400)	0	0	0
(Over)/Underprovision of tax expense in prior years	(9,514)	70,910	(33,312)	3,537
(Over)/Underprovision of deferred tax in prior years	(8,336)	7,000	0	0
Tax expense for the financial year	801,159	1,778,662	159,988	366,637

26. EARNINGS PER ORDINARY SHARE ➤

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the parent (RM)	2,577,360	5,188,330
Weighted average number of ordinary shares in issue (unit)	126,135,750	126,290,103
Basic earnings per ordinary share (sen)	2.04	4.11

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary shares in issue during and at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

27. DIVIDENDS ➤

	Group and Company			
	2020		2019	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of financial year ended 30 June 2018				
First and final single tier dividend paid	0	0	1.5	1,894,352
In respect of financial year ended 30 June 2019				
First and final single tier dividend paid	1.5	1,894,352	0	0
	1.5	1,894,352	1.5	1,894,352

A first and final single tier dividend in respect of the financial year ended 30 June 2020 of 0.5 sen per ordinary share amounting to RM628,979 has been proposed by the Directors and subject to the shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 30 June 2021.

28. EMPLOYEE BENEFITS ➤

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Wages, salaries and bonuses	17,533,353	18,793,358	273,610	261,420
Contributions to defined contribution plan	1,389,969	1,631,059	22,371	24,165
Defined benefit plan*	(864,201)	813,142	0	0
Social security contributions	203,549	151,713	1,637	1,614
Other benefits	1,399,483	1,465,882	8,413	4,906
	19,662,153	22,855,154	306,031	292,105

* Negative defined benefit plan arises due to the reversal of defined benefit cost as disclosed in Note 16 to the financial statements.

29. RELATED PARTY DISCLOSURES ➤

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

29. RELATED PARTY DISCLOSURES (cont'd) ➤

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Subsidiaries:				
Dividend received	0	0	0	10,750,000
Management fees charged	0	0	170,395	171,810
Interest received	0	0	924,642	1,392,545
Interest expense	0	0	0	1,399
Related parties:				
Rental charged by	2,000	3,853	0	0
Purchase of goods	4,258	11,900	0	0
Purchase of property, plant and equipment	12,000	0	0	0
Sale of goods	30,530	80,706	0	0

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short term employee benefits	873,011	3,917,219	241,274	236,800
Contributions to defined contribution plan	305,820	577,563	18,472	6,243
	1,178,831	4,494,782	259,746	243,043

Estimated monetary value of benefits-in-kind provided to the Directors of the Group is RM24,491 (2019: RM37,275).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT >

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

The Group considers its total equity, total borrowings and total lease liabilities to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total borrowings and lease liabilities divided by total equity as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total borrowings (Note 13)	10,017,787	6,894,058	0	0
Total lease liabilities (Note 6)	421,311	0	0	0
Total debts	10,439,098	6,894,058	0	0
Total equity	85,553,613	85,016,510	83,516,021	84,833,383
Debt-to-equity ratio	0.12 : 1	0.08 : 1	*	*

* Debt-to-equity ratio is not presented as the Company is in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares, if any) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 30 June 2020.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd) >

(b) Financial risk management (cont'd)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are organisations that the Group has dealt with for numerous years, and with whom the Group maintains regular visits and communications. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit. The credit period generally ranged from one (1) month to four (4) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each reporting period, the maximum exposure of the Group to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The credit risk concentration profile has been disclosed in Note 9 to the financial statements.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that the Group will encounter difficulty in meeting their financial obligation due to shortage of funds. The exposure of the Group to liquidity and cash flow risk arises primarily from mismatches of maturities of financial assets and financial liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. In addition, the Group strives to maintain available banking facilities at a reasonable level to meet its business needs.

In order to mitigate the potential risk exposure due to COVID-19 pandemic, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 6, Note 13 and Note 18 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd) ➤

(b) Financial risk management (cont'd)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below (cont'd):

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group will fluctuate because of changes in market interest rates.

The exposure of the Group to interest rates risks arises primarily from their bank borrowings. Bank borrowings at floating rates expose the Group to cash flow interest rate risk.

Sensitivity analysis for interest rate risk

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 13 to the financial statements.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales that are priced in Ringgit Malaysia but denominated in the currencies of the customers involved.

The sensitivity analysis for foreign currency risk has been disclosed in Note 9, Note 10 and Note 18 to the financial statements respectively.

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR ➤

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ('MCO') effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was subsequently extended until 12 May 2020, followed by Conditional MCO until 9 June 2020 and then, Recovery MCO until 31 December 2020.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group and the Company have sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group and the Company do not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

32. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs ➤

32.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 described in the following section.

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

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

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 July 2019. The incremental borrowing rate of the Group applied to the lease liabilities on 1 July 2019 was 4.48%.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

32. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd) ➤

32.1 New MFRSs adopted during the financial year (cont'd)

MFRS 16 Leases (cont'd)

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- (a) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 July 2019;
- (c) Accounting for operating leases with a remaining lease term of less than twelve (12) months as at 1 July 2019 and do not contain a purchase option as short term leases;
- (d) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- (e) Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

Group	Note	As at 30 June 2019 RM	Impact RM	As at 1 July 2019 RM
Property, plant and equipment		38,058,404	(11,459,638)	26,598,766
Right-of-use assets	(a)	0	11,459,638	11,459,638
Borrowings		6,894,058	(977,379)	5,916,679
Lease liabilities	(b)	0	977,379	977,379

(a) The associated right-of-use assets for leases previously classified as finance leases were measured at the carrying amount of the lease assets immediately before transition. Other right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 30 June 2019.

(b) Lease liabilities are measured as follows:

	Group RM
Operating lease commitments at 30 June 2019 under MFRS 117	206,420
Weighted average incremental borrowing rate as at 1 July 2019	4.48%
Discounted operating lease commitments as at 1 July 2019	197,569
Finance lease liabilities recognised as at 30 June 2019	977,379
Recognition exemption for leases with less than twelve (12) months of lease term at transition	(197,569)
Lease liabilities recognised at 1 July 2019	977,379

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2020

32. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (cont'd) ➤

32.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have a significant impact on the financial statements.

33. FINANCIAL REPORTING UPDATE ➤

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 30 June 2020.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting ("AGM") of CWG HOLDINGS BERHAD will be held at The Light Hotel, Lebuhr Tenggori 2, Bandar Seberang Jaya, 13700 Penang on Wednesday, 25 November 2020, at 11.00 am for the following purposes:

AS ORDINARY BUSINESS

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon. 2. To approve the declaration of a first and final single tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2020. 3. To re-elect the following Directors retiring in accordance with the Company's Constitution: <ol style="list-style-type: none"> 3.1 Ooi Chin Soon (Clause 78) 3.2 Razmi Bin Alias (Clause 78) 3.3 Lee Eng Sheng (Clause 79) 3.4 Ng Tiang Yong (Clause 79) 4. To approve the payment of Directors' fees and benefits payable up to RM250,000 for the period commencing this AGM through to the next AGM of the Company. 5. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | <p>Resolution 1</p> <p>Resolution 2</p> <p>Resolution 3</p> <p>Resolution 4</p> <p>Resolution 5</p> <p>Resolution 6</p> <p>Resolution 7</p> |
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AS SPECIAL BUSINESS

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

- | | |
|--|---|
| <ol style="list-style-type: none"> 6. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 <p>"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."</p> 7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY <p>"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:</p> <ol style="list-style-type: none"> (i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the retained profits of the Company. As at the latest financial year ended 30 June 2020, the audited retained profits of the Company stood at RM10,365,732; and (iii) the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until: <ol style="list-style-type: none"> (a) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; (b) the expiration of the period within which the next AGM after that date is required by law to be held; or (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first. | <p>Resolution 8</p> <p>Resolution 9</p> |
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NOTICE OF ANNUAL GENERAL MEETING (cont'd)

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (cont'd)

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manners:-

- (i) to cancel the ordinary shares so purchased; or
- (ii) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancelled; or
- (iii) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; or
- (iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interest of the Company."

8. RETENTION AS INDEPENDENT DIRECTOR

"THAT Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor be retained as Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next AGM."

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

Resolution 10

By order of the Board

Ong Tze-En (SSM PC No. 202008003397) (MAICSA 7026537)
Leng Li Mei (SSM PC No. 202008000276) (MAICSA 7062371)
Joint Company Secretaries

Penang

27 October 2020

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders, the first and final single tier dividend of 0.5 sen per ordinary share for the financial year ended 30 June 2020 will be paid on 23 December 2020 to depositors registered in the Record of Depositors at the close of business on 7 December 2020.

A depositor shall qualify for the entitlement only in respect of:

- a) Shares transferred to the Depositor's Securities Account before 4.30 pm on 7 December 2020 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

Notes:

1. A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee 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 provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:
 - (i) In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.
 - (ii) By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online at website: <https://tiih.online> (applicable to individual shareholders only). Please refer to the Administrative Guide on the procedures for electronic submission of proxy form via TIIH Online.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 November 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Explanatory Notes on Ordinary and Special Business:

1. The proposed Ordinary Resolution 6, if passed, will facilitate the payment of the Directors' fees and benefits to the Directors for the period commencing this AGM through to the next AGM.

The Directors' fees and benefits proposed for the period commencing this AGM up to the next AGM are calculated based on the number of scheduled Board and Board Committees' meetings. The Board will seek approval from the shareholders at the next AGM in the event the Directors' fees and benefits proposed is insufficient due to an increase in the number of the Board and Board Committees' meetings and/or increase in the Board size and/or revision to the existing Directors' fees and benefits structure.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

Explanatory Notes on Ordinary and Special Business: (cont'd)

2. The proposed Ordinary Resolution 8 is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors at the 3rd AGM held on 27 November 2019 and which will lapse at the conclusion of the 4th AGM.

3. The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase the Company's own shares up to 10% of the total issued shares of the Company by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on the proposed resolution is set out in the Share Buy-Back Statement in this Annual Report 2020.
4. The proposed Ordinary Resolution 10, if passed, will retain Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor as Independent Director of the Company. This proposed resolution is by way of two-tier voting pursuant to Practice 4.2 of Malaysian Code on Corporate Governance. The details of the Board's justifications and recommendation for the retention of Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor are set out in the Corporate Governance Overview Statement in this Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements)

No individual is standing for election as a Director at the forthcoming 4th AGM of the Company.

SHARE BUY-BACK STATEMENT

1. Introduction

The shareholders of CWG Holdings Berhad ("CWG" or "the Company") had at the 3rd Annual General Meeting ("AGM") of our Company held on 27 November 2019, granted approval for our Directors to purchase its own ordinary shares in CWG ("Shares") of up to ten percent (10%) of the total number of issued Shares at any point of time through Bursa Malaysia Securities Berhad ("Bursa Securities").

The aforesaid mandate shall lapse at the conclusion of the forthcoming 4th AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 4th AGM.

On 9 October 2020, the Company announced to Bursa Securities that the Company proposes to seek shareholders' approval on the renewal of the proposed share buy-back at the forthcoming 4th AGM.

The purpose of this Share Buy-Back Statement ("Statement") is to provide you with the details of the Proposed Renewal of Share Buy-Back as well as set out the recommendation of the Board of Directors of the Company ("Board") and to seek your approval for the ordinary resolution in respect of the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION TO GIVE EFFECT TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM.

2. Disclaimer statement

This Statement is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Securities has not perused this Statement prior its issuance, and hence, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of the Statement.

3. Details of the Proposed Renewal of Share Buy-Back

We are proposing to seek your approval to purchase Shares of up to ten percent (10%) of the total number of issued Shares of the Company at any point in time, subject to compliance with Section 127 of the Companies Act 2016 ("Act"), Chapter 12 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Malaysian Code on Take-Overs and Mergers 2016 ("Code") and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities (collectively "Prevailing Laws") at the time of purchase(s).

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued Shares at any point in time.

As at 1 October 2020, the Company's issued share capital is RM63,145,052 comprising 126,290,103 Shares. The maximum number of Shares that can be purchased and/or held by the Company will be as follows:-

	No. of Shares
Total number of issued shares of CWG	126,290,103
10% of the total number of issued shares	12,629,010
Less: Treasury shares held by CWG	(494,300)
Maximum number of shares which may be purchased in respect of this Proposed Renewal Share Buy-Back	<u>12,134,710</u>

SHARE BUY-BACK STATEMENT (cont'd)

3. Details of the Proposed Renewal of Share Buy-Back (cont'd)

The purchase of Shares under the Proposed Renewal of Share Buy-Back will be carried out through Bursa Securities via stockbroker(s) to be appointed by the Board.

Your authority for the share buy-back will be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at our forthcoming AGM to be convened until:

- (a) the conclusion of our 5th AGM, at which time the authority shall lapse unless by ordinary resolution passed at the 5th AGM, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the 5th AGM is required by law to be held; or
- (c) the authority is revoked or varied by an ordinary resolution passed by you at a general meeting; whichever occurs first.

Your approval for the Proposed Renewal of Share Buy-Back does not impose an obligation on the Company to purchase its Shares. However, it will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned time period.

4. Rationale for the Proposed Renewal of Share Buy-Back

The Proposed Renewal of Share Buy-Back, when implemented, would enable the Company to utilise its surplus financial resources to purchase shares when appropriate, and at prices which the Board view as favourable to the Company with a view to enhancing the earnings per Share of CWG Group ("the Group") and net asset per Share of the Company.

The Proposed Renewal of Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders as it will be exercised only after in-depth consideration of the financial resources of the Group and of the resultant impact on its shareholders.

(i) Advantages of the Proposed Renewal of Share Buy-Back

- (a) The Proposed Renewal of Share Buy-Back would effectively reduce the number of shares carrying voting and participation rights unless the Shares which are purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back ("Purchased Shares") are resold on Bursa Securities or distributed as share dividends. Consequently, all else being equal, the earnings per share of the Group may be enhanced as the earnings of the Group would be divided by a reduced number of Shares.
- (b) The Purchased Shares which will be retained as treasury shares ("Treasury Shares") may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves without affecting the total share capital of the Company. The Treasury Shares may also be distributed to shareholders as dividends and, if undertaken, would serve to reward the shareholders of the Company.
- (c) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

(ii) Disadvantages of the Proposed Renewal of Share Buy-Back

- (a) The Proposed Renewal of Share Buy-Back, if implemented, would reduce the financial resources of the Group. This may result in the Group having to forgo better future investment or business opportunities and/or any interest income that may be derived from the deposit of such funds in interest bearing instruments; and
- (b) The Proposed Renewal of Share Buy-Back may also result in a reduction of financial resources available for distribution in the form of cash dividends to you as shareholders of CWG in the immediate future.

SHARE BUY-BACK STATEMENT (cont'd)

5. Source of funding

Paragraph 12.10(1) of the Listing Requirements stipulates that the Proposed Renewal of Share Buy-Back must be made wholly out of the retained profits of our Company. We intend to use internally generated funds to finance the Proposed Renewal of Share Buy-Back subject to compliance with Section 127 of the Act and any Prevailing Laws at the time of the purchase. Notwithstanding this, in the event the Proposed Renewal of Share Buy-Back (or any part of it) is to be financed through external borrowings, our Board will ensure that we have sufficient funds to repay such external borrowings.

Based on our latest audited consolidated financial statements for financial year ended 30 June 2020, the retained profits of our Company is approximately RM10,365,732. The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate amount of the retained profits of the Company.

The Proposed Renewal of Share Buy-Back is not expected to have a material impact on the cash flow position of our Company. In addition, our Board will ensure that our Company satisfies the solvency test as stated in Section 112(2) of the Act before implementing the Proposed Renewal of Share Buy-Back. The actual number of Shares to be purchased, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as our financial resources and retained profits.

6. Substantial shareholders and Directors' shareholding

Assuming CWG implements the Proposed Renewal of Share Buy-Back in full and there is no change in the number of shares held by the substantial shareholders and/or Directors of CWG as at 1 October 2020, the effect of the Share Buy-Back on the percentage shareholdings of the substantial shareholders and/or Directors of CWG are as follows:-

Name	Existing as at 1 October 2020 [#]				After the Proposed Renewal of Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholder								
Ooi Chin Soon	28,527,500	22.68	-	-	28,527,500	25.10	-	-
ANB Equity Sdn. Bhd.	12,874,500	10.23	-	-	12,874,500	11.33	-	-
Khor Say Khai Holdings Sdn. Bhd.	7,730,000	6.14	-	-	7,730,000	6.80	-	-
Khor Wan Tat	1,008,700	0.80	7,730,000 ⁽¹⁾	6.14	1,008,700	0.89	7,730,000 ⁽¹⁾	6.80
Khor Lay Wei	21,000	0.02	7,730,000 ⁽¹⁾	6.14	21,000	0.02	7,730,000 ⁽¹⁾	6.80
Lai Tjhin Tjhin	-	-	12,874,500 ⁽²⁾	10.23	-	-	12,874,500 ⁽²⁾	11.33
Director								
Ooi Chin Soon	28,527,500	22.68	-	-	28,527,500	25.10	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-	-	-	-	-
Lee Eng Sheng	-	-	-	-	-	-	-	-
Dato' Mohd Junid Bin Mohd Noor @ Md Noor	-	-	-	-	-	-	-	-
Razmi Bin Alias	-	-	-	-	-	-	-	-
Loh Seong Yew	-	-	-	-	-	-	-	-
Ng Tiang Yong	1,366,800	1.09	-	-	1,366,800	1.20	-	-

Notes:

[#] Based on total number of issued Shares of the Company (excluding 494,300 Treasury Shares).

[^] On the assumption that the Proposed Renewal of Share Buy-Back is implemented in full i.e. up to 10% of the total number of issued Shares of the Company, the Purchased Shares are held as treasury shares and that the shareholdings of the Directors and Substantial Shareholders in CWG remain unchanged.

(1) By virtue of his/her interest in Khor Say Khai Holdings Sdn. Bhd. ("KSKHSB"), he/she is deemed interested in the shares of the Company to the extent that KSKHSB has an interest.

(2) By virtue of her interest in ANB Equity Sdn. Bhd. ("ANBESB"), she is deemed interested in the shares of the Company to the extent that ANBESB has an interest.

SHARE BUY-BACK STATEMENT (cont'd)

7. Effects of the Proposed Renewal of Share Buy-Back

7.1 Share Capital

The effect of the Proposed Renewal of Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as Treasury Shares. The Proposed Renewal of Share Buy-Back will result in a reduction of the issued shares capital of the Company if the Purchased Shares are cancelled.

In the event the Proposed Renewal of Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of Shares so cancelled as follows:-

	No. of Shares
Existing share capital as at 1 October 2020 (inclusive of the 494,300 Treasury Shares)	126,290,103
Assuming all the Purchased Shares pursuant to the Proposed Renewal of Share Buy-Back are cancelled	(12,629,010)
Resultant ordinary issued share capital	<u>113,661,093</u>

Conversely, if all the Purchased Shares are retained as Treasury Shares, the Proposed Renewal Share Buy-Back will not have any effect on the issued share capital of CWG. Nevertheless, certain rights attached to the Purchased Shares are suspended while they are held as Treasury Shares.

7.2 Net Assets ("NA") per Share

The Proposed Renewal of Share Buy-Back may increase or decrease the NA per Share depending on the purchase price of the Shares bought back in comparison to the NA per Share at the time that the Shares are purchased.

If the Treasury Shares are distributed as share dividends, the NA per Share will decrease by the cost of the Treasury Shares at the point of purchase.

In the event the Purchased Shares which are retained as Treasury Shares are resold, the NA per Share of the Group will increase or decrease depend on whether a gain or a loss is realised upon the resale. However, the quantum of the increase or decrease in NA per Share will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold to Bursa Securities.

7.3 Earnings and Earnings per Share ("EPS")

The Proposed Renewal of Share Buy-Back may increase or reduce the EPS of the Group, depending on the number of and prices paid for the Purchased Shares, the effective funding cost to CWG to finance the purchase of such Shares, or any loss in interest income to CWG or opportunity cost in relation to other investment opportunities as well as the proposed treatment of the Purchased Shares.

Assuming that the Purchased Shares are retained as Treasury Shares and subsequently resold, the extent of the effects on the earnings of the Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain arising from the exercise.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back shall increase the EPS of the Group provided that the income forgone and interest expense incurred on the Purchased Shares are less than the EPS before the share purchase.

SHARE BUY-BACK STATEMENT (cont'd)

7. Effects of the Proposed Renewal of Share Buy-Back (cont'd)

7.4 Dividends

The Proposed Renewal of Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into consideration the Company's profit, cash flow and the capital commitments before proposing any dividend payment. However, the Board will have the option of distributing the Treasury Shares as share dividends to you subject to Section 131(1) of the Act, where a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent.

8. Implication of the Code

In the event the Proposed Renewal of Share Buy-Back results in any Director, Major Shareholder and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Code, the affected Director or Major Shareholder will be obliged to make a mandatory offer for the remaining shares in the Company not held by him/them. However, an exemption may be sought from the Securities Commission by the affected Director or Major Shareholder under Section 219 the Capital Market Services Act before a mandatory offer obligation is triggered.

However, it is not the intention of the Company to cause any shareholder to trigger an obligation to undertake a mandatory general offer under the Code. The Company will be mindful of the above implications of the Code in making any purchase of its own shares pursuant to the Proposed Renewal of Share Buy-Back.

9. Purchase, Resale or Transfer and Cancellation of CWG Shares in the Preceding Twelve (12) Months

As at 1 October 2020, the Company had purchased a total of 494,300 of its own Shares and retained as Treasury Shares in accordance to the provisions of Section 127 of the Act.

As at the date of this Statement, the Company had not resold or transferred any Treasury Shares on Bursa Securities. No cancellation of Purchased Shares was made in the preceding twelve (12) months.

The details of Shares purchased by the Company in the preceding twelve (12) months are as follows:-

Date	No. of Shares Purchased	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration Paid (RM)
11.02.2020	11,300	0.360	0.360	0.360	4,068.00
12.02.2020	83,000	0.350	0.370	0.363	30,137.00
14.02.2020	60,000	0.360	0.360	0.360	21,600.00
18.02.2020	10,000	0.360	0.365	0.365	3,649.50
20.02.2020	30,000	0.365	0.365	0.365	10,950.00
24.03.2020	300,000	0.250	0.255	0.252	75,500.00

SHARE BUY-BACK STATEMENT (cont'd)

10. Historical share prices

The monthly highest and lowest market prices of Shares traded on Bursa Securities in the preceding twelve (12) months were as follows:-

Month	Lowest RM	Highest RM
October 2019	0.400	0.500
November 2019	0.395	0.440
December 2019	0.365	0.440
January 2020	0.375	0.420
February 2020	0.350	0.400
March 2020	0.240	0.400
April 2020	0.275	0.360
May 2020	0.280	0.325
June 2020	0.265	0.360
July 2020	0.270	0.340
August 2020	0.250	0.350
September 2020	0.285	0.340

Last transacted market price as at 2 October 2020 was RM0.295.

(Source: www.investing.com)

11. Proposed intention of the Directors to deal with the Shares bought back

All the Purchased Shares, when the Proposed Renewal of Share Buy-Back is exercised, shall be dealt with in the following manner:-

- cancel the Shares so purchased;
- retain the Shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled;
- resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- retain part of the shares so purchased as Treasury Shares and cancel the remainder; or
- in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

12. Public shareholding spread

According to the Record of Depositors maintained by Bursa Malaysia Depository Sdn. Bhd. as at 1 October 2020, the public shareholding spread of the Company was approximately 58.94%. In this regard, the Board undertakes to purchase shares only to the extent that the public shareholding spread of CWG shall not fall below 25% of the total number of issued shares of the Company at all times pursuant to the Proposed Renewal of Share Buy-Back, in accordance with Paragraph 12.14 of the Listing Requirements.

13. Directors' statement

After taking into consideration all relevant factors, the Board is of the opinion that the Proposed Renewal of Share Buy-Back described above is in the best interest of the Company.

14. Directors' recommendation

The Board recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming 4th AGM of the Company to give effect to the Proposed Renewal of Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

15. Responsibility statement

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

16. Documents available for inspection

Copies of the following documents are available for inspection at the Registered Office of the Company during working hours from Mondays to Fridays (except Public Holidays) from the date of this Annual Report up to and including the date of AGM:

- (a) the Constitution of the Company; and
- (b) the Audited Financial Statements of the Group for past two (2) financial years ended 30 June 2019 and 30 June 2020.

17. Further information

There is no other information concerning the Proposed Renewal of Share Buy-Back as shareholders and other professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back and the extent of the risks involved in doing so.

ADMINISTRATIVE GUIDE FOR THE 4TH ANNUAL GENERAL MEETING

Date : Wednesday, 25 November 2020
 Time : 11.00 am
 Venue : The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Penang

IMPORTANT NOTICE:

General Meeting Arrangements

In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the 4th Annual General Meeting ("AGM") in order to safeguard the health of all attendees of 4th AGM. You are requested to read and adhere to this Administrative Guide.

You are also reminded to check the Company's website and announcements from time to time for the latest updates on the status or changes to the AGM arrangement.

Measures to Minimise Risks of COVID-19 Infection

In light of the COVID-19 outbreak, the following steps will be taken for shareholders, proxies and others who will be attending the 4th AGM in order to minimise the risks of spreading the COVID-19 virus:

(a) Temperature Checks and Wearing Face Mask

1. All persons attending the 4th AGM will be required to undergo a temperature check and make health declaration prior to entering the 4th AGM venue.
2. Any person who had recent travel history to overseas, especially to the affected countries or any red zone areas in Malaysia during the last 14 days prior to the 4th AGM or had been in contact with a suspected or confirmed COVID-19 patient during the last 14 days prior to the 4th AGM, irrespective of nationality, will not be permitted to attend the 4th AGM.
3. Any person with a body temperature of more than 37.5 degrees Celsius and/or exhibit flu-like symptoms will not be allowed to attend the 4th AGM. Shareholders/proxies who are feeling unwell are strongly advised not to attend the 4th AGM.
4. Wearing a face mask in advance and throughout the 4th AGM proceedings is necessary. Please be informed that the Company will not be providing face masks.
5. All persons are strongly advised to wash your hands frequently and use the hand sanitizer before and after the 4th AGM. Hand sanitizer will be provided by the Company.

(b) Physical Distancing and Seating Arrangement

1. There will be no distribution of door gifts during the 4th AGM.
2. To enhance physical distancing measures, the seats allocated for shareholders/proxies at the 4th AGM venue will be maintained at a certain distance from one another as per the guidelines and/or standard operating procedures provided by the relevant governmental and/or health authorities.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate up to the day of the 4th AGM of the Company, in accordance with the directives and/or guidelines issued by the Malaysian Government and other relevant authorities in order to minimise any risk to shareholders and others attending the 4th AGM.

ADMINISTRATIVE GUIDE FOR THE 4TH ANNUAL GENERAL MEETING (cont'd)

Registration on the Day of 4th AGM

1. Registration will commence at 10.00 am and will close by 11.10 am.
2. Original MyKad or Passport is required to be presented during registration for verification.
3. Registration must be done in person. No person is allowed to register on behalf of another.
4. The registration counter will handle verification of identity, registration and revocation of proxy/proxies.
5. Please vacate the registration area immediately after registration to prevent congestion.

Appointment of Proxy

1. A shareholder who is unable to attend the 4th AGM may appoint proxy and deposit the proxy form with the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.
2. For individual shareholder, you have the option of submitting the proxy form electronically to the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at <https://tiih.online>.
3. The procedures to submit your proxy form electronically via Tricor's TIIH Online website are summarised below:

	Procedure	Action
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

4. The last date and time for lodging the proxy form is Monday, 23 November 2020 at 11.00 am.
5. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the registration counter to revoke the appointment of your proxy.

ADMINISTRATIVE GUIDE FOR THE 4TH ANNUAL GENERAL MEETING (cont'd)

Enquiry

If you have any enquiries prior to the meeting, please contact the following persons during office hours on Mondays to Fridays from 9.00 am to 5.30 pm (except on public holidays):-

Share Registrar		Telephone No.
Tricor Investor & Issuing House Services Sdn. Bhd. Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	General Line	+603-2783 9299
	En. Mohd Kamal Bin Mohd Din	+603-2783 9237
	Ms. Esther Loo	+603-2783 9293
	Fax No.	+603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

PROXY FORM

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

No. of Shares Held	
CDS Account No.	

Telephone no. _____ (During office hours)

I/We _____ NRIC/Passport/Company No. _____
(Full name in block letters)

of _____ (Address)

being a Member(s) of CWG Holdings Berhad, hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

* and/or (*delete as appropriate)

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the 4th Annual General Meeting ("AGM") of the Company to be held at The Light Hotel, Lebuh Tenggiri 2, Bandar Seberang Jaya, 13700 Penang on Wednesday, 25 November 2020 at 11.00 am and at any adjournment thereof:-

Resolutions		For	Against
1	Approval of first and final single tier dividend		
2	Re-election of Ooi Chin Soon		
3	Re-election of Razmi Bin Alias		
4	Re-election of Lee Eng Sheng		
5	Re-election of Ng Tiang Yong		
6	Approval of payment of Directors' fees and benefits for the period from this AGM to the next AGM		
7	Re-appointment of Messrs. BDO PLT as Auditors of the Company		
8	Authority to Issue Shares		
9	Proposed Renewal of Share Buy-Back Authority		
10	Retention of Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor as Independent Director		

Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____, 2020

Signature of Member(s)/Common Seal

Notes:

- A proxy may but need not be a member of the Company and a member shall be entitled to appoint up to two (2) persons to be his proxy(ies). Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee 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 provisions of subsection 25A(1) of SICDA.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the meeting:
 - In hard copy form
The proxy form must be deposited at the Company's Registered Office at 6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate, 13400 Butterworth, Penang, Malaysia.
 - By electronic means
The proxy form can be electronically lodged with the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online at website: <https://tjih.online> (applicable to individual shareholders only). Please refer to the Administrative Guide on the procedures for electronic submission of proxy form via TIIH Online.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 19 November 2020 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

Personal Data Privacy

By submitting the duly executed proxy form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting of the Company and any adjournment thereof.

Please fold here

Affix
Stamp

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

The Company Secretaries
6428 Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang

Please fold here

CWG HOLDINGS BERHAD 201601035444 (1206385-W)

6428, Lorong Mak Mandin Tiga, Mak Mandin Industrial Estate

13400 Butterworth, Penang, Malaysia

Tel: 604-332 9299 Fax: 604-333 2299

www.cwgholdings.com.my