



A N N U A L R E P O R T 2 0 2 1



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
Management Discussion & Analysis	➤	11 - 15
Our Products	➤	16 - 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 - 110
Notice of Annual General Meeting	➤	111 - 114
Share Buy-Back Statement	➤	115 - 120
Administrative Guide	➤	121 - 126
Proxy Form		

OUR STORY ➤

Background

Established since 1959, Chee Wah Corporation Berhad ("Chee Wah") has grown its business from trading in the early years to one of the oldest and largest fully integrated stationery manufacturer in Malaysia serving the needs of the printing, writing, publishing, stationeries and in the years of process contributed to the development of the company in the local and global market.

Chee Wah was listed on Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) on 1 September 1994. On 13 July 2017, CWG Holdings Berhad ("CWG") made its trading debut on Main Board of Bursa Malaysia with the assumption of listing status by CWG from Chee Wah upon the completion of share exchange. This is another major milestone for Chee Wah since its humble inception more than 62 years ago.

CWG and its subsidiaries ("Group") are located in Penang, which is a state in the Northwest Coast of Peninsular Malaysia. Penang is the prominent manufacturing foreign direct investment in Malaysia and well known as the manufacturing hub of major international multinational Companies. Penang is known as the Silicon Valley of the East hence supported with good and effective infrastructure, air and sea port and well-trained workforce with a stable socio-economic and business friendly environment.

Strategic Marketing

The Group has embarked on the manufacture of ready to use stationery and fine art products including spiral notebooks, artist pads, hardcover books, files, paper bags, gift wraps and publishing of children books. Our products are exported to about 58 countries and in tune with the rising market demands we have also diversified into packaging products for food and beverage, medical, electronics & electrical boxes, manuals and other consumer products.

At the domestic front, our Group business has seen the distribution of our products from wholesalers to retailers. Our local customers include prominent hypermarket chains, bookstores, specialty stores, supermarkets and multinational companies.

Total Customer Satisfaction

Quality sets us apart. Today, we have upgraded to the ISO 9001: 2015 edition quality certification and will continue to improve our high standard of quality management system. It reaffirms our commitment that quality will always be an essential component in achieving total customer satisfaction.

Our Group is committed to harmonizing its business interests with the worlds need for a cleaner environment. Chee Wah had obtained the Forest Stewardship Council ("FSC") Chain of Custody Certification since 2010. FSC is an international non-profit organization that promotes responsible management of the world's forest. By meeting the requirements of FSC Chain-of-Custody, our products are being harvested and produced in a responsible manner for environmental sustainability.

Chee Wah is a member of Supplier Ethical Data Exchange (SEDEX) which is an online system that allows companies to maintain data on ethical & responsible practices and allows them to share this information with their customers. SEDEX Members Ethical Trade (SMETA) is the most widely used social audit in the world. SMETA is SEDEX's social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain. This certification shows Chee Wah's management commitment towards good governance in working conditions and good social responsibilities in our work environment.

Customer Satisfaction & Award Recognition



CAMPAP is our premium legendary brand of exercise books in Malaysia which is an acronym for Camel Paper Products which we introduced into the stationary market since the 1950s. Over the years, we have built up our customers' trusts with our "Seal of Quality" - the Camel Paper Products logo that adorns our every product. This is evident when our Camel Paper Products brand was conferred the Superbrands Malaysia 2003/2004 award in 2003 and for CAMPAP in 2005.

The World Brands Foundation (TWBF) (formerly known as Asia Pacific Brands Foundation) is the world's only branding foundation dedicated to developing brands in a myriad of business backdrops and has grown to become the authority in branding and established its global footprints. Chee Wah was awarded a prestigious award, the BrandLaureate BestBrands Award 2018-2019 by TWBF on the 27 June 2019. CAMPAP has been recognized as the "Brand Leadership" of distinction in consumer stationaries. Winning this prestigious Brand Excellence Award marks a great achievement for Chee Wah and is a testament to our brands success as we continue our global journey.

On 18 November 2019, Chee Wah received the Most Promising Award at the Gala Night of Export Excellence Award 2019 ("EEA"). EEA is organized by the Star Media Group Berhad, in partnership with Standard Chartered Bank Malaysia Berhad, to recognize and show appreciation to Malaysia's exporters.

In addition, we are currently in collaboration with a well-known global brand licensor, "The Walt Disney Studios" to develop distinctive designs for stationary products. Some of the Disney fictional characters which we have developed products with, include Mickey Mouse & Friends, Disney Movie Princesses, Winnie The Pooh and Disney movie "Frozen" characters.

Winning these awards and brand collaborations mark the recognition entrusted to us for high quality products. Hence, we are stepping up our effort to continuously build our brand recognition in local and global markets.

We will continue to strive for excellence and forge on with greater spirit and effort to meet our customers' expectation.

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)

51%

**RAUSYAN INTELEK
SDN. BHD.**
202101013967 (1414267-U)

100%

CAMPAP MARKETING SDN. BHD.
199201006059 (237563-K)

100%

ARTO ART SDN. BHD.
200101024247 (560005-H)

100%

FUTURE ACE E-COMMERCE SDN. BHD.
199001018269 (209938-W)

CORPORATE INFORMATION

as at 27 September 2021

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)

Razmi Bin Alias

Ng Tiang Yong

Website

www.cwg holdings.com.my

Nominating & Remuneration Committee

Razmi Bin Alias
(Chairman)

Loh Seong Yew

Ng Tiang Yong

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**

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

Malaysian, Male, aged 77

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.

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

OOI CHIN SOON

Malaysian, Male, aged 58

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 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

TAN HING MING @ CHIN HING MING

Malaysian, Male, aged 53

Mr. Tan Hing Ming was appointed to the Board on 29 June 2017 as 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

LEE ENG SHENG

Malaysian, Male, aged 58

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

RAZMI BIN ALIAS

Malaysian, Male, aged 64

Encik Razmi Bin Alias was appointed to the Board on 29 June 2017 as 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

LOH SEONG YEW

Malaysian, Male, aged 43

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 licensed tax agent company.

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

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



Independent Non-Executive Director

NG TIANG YONG

Malaysian, Male, aged 64

Mr. Ng Tiang Yong was appointed to the Board as Independent Non-Executive Director on 27 November 2019. On 1 July 2021, he was appointed as member of the Audit Committee and Nominating and Remuneration Committee of the Company.

Mr. Ng 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 58

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

LEE ENG SHENG

Group Executive Director

Malaysian, Male, aged 58

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

TEOH HEE HUA

Group Financial Controller

Malaysian, Male, aged 47

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.

TAN HING MING @ CHIN HING MING

Group Managing Director

Malaysian, Male, aged 53

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

OOI PENG SOON

Assistant General Manager, Production Department

Malaysian, Male, aged 57

Mr. Ooi Peng Soon joined the Group on 17 September 2020 as Assistant General Manager. He is responsible to oversee the entire production and operation of the Group.

In 1984, Mr. Ooi graduated with Certificate in Electronics from an electrical and electronics engineering college in Penang. He was certified as a quality technician by the American Society for Quality (ASQ) in 1989.

He has extensive experience in the electronics, printing and packaging industry. He began his career in Sony (Malaysia) Sdn. Bhd. in 1985. He was later promoted to QA Manager. In 2001, he left to join an offset printing company as a QA Manager. He was subsequently posted to its affiliated company in Jakarta, Indonesia from 2004 until 2008. Upon his return to Malaysia, he was assigned as a Production Manager.

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.

GOOI BOON CHUAN

General Manager, Sales Department

Malaysian, Male, aged 56

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.

Notes:

- The above Key Senior Management have no conflict of interest with CWG.
- 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.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATION >

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

A leading player in the stationery industry, CWG Group is a fully integrated manufacturer and a renowned market leader for premium quality paper-based stationery. Our products are available nationwide through an extensive distribution network comprising of wholesalers and retailers that included prominent hypermarket chains, bookstores, specialty stores and supermarkets. Globally, our products are exported to about 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.

With more than 6 decades of operations, we have weathered through some seriously tough challenges. Nothing came close to the current COVID-19 pandemic, which has brought about many unprecedented challenges to our industry.

The introduction of Movement Control Order and disrupted supply chain issue posed difficulties we have to overcome to ensure business continuity. We are operating in strict compliance with the guidelines from the authorities to minimize the health and safety risk of our employees, customers and community. At CWG, through the combined strengths of people, strategic alliances and resources, we are confident of overcoming present and future challenges in our quest to achieve greater success. Together we shall grow from strength to strength.



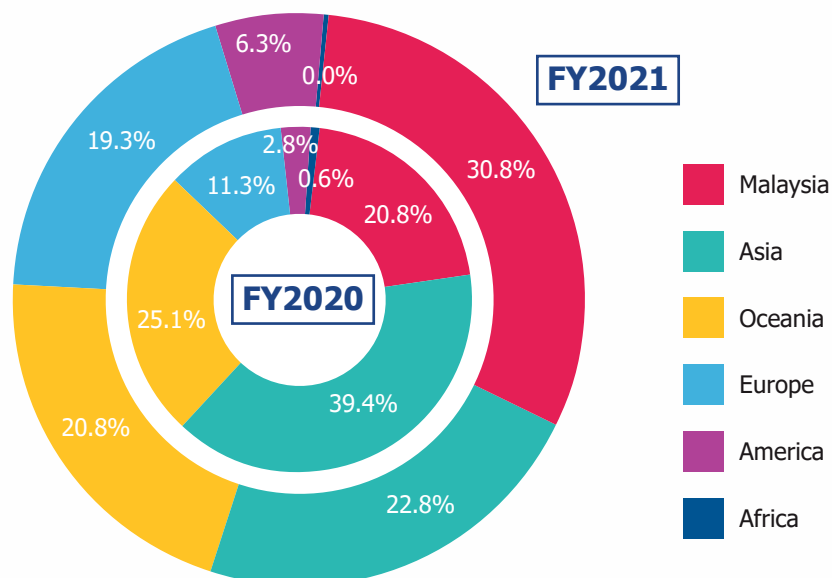
MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

FINANCIAL PERFORMANCE REVIEW ➤

Against the backdrop of the pandemic, the Group reported modest growth from the domestic market and positive expansion of business from the European and American markets. Nonetheless, these were insufficient to stem the large decline from Asia and Oceania markets which resulted in a 29.4% drop in revenue to RM59.922 million for financial year ended 30 June 2021 ("FY2021"). The Group's revenue analysis by geographical areas is illustrated below:

	FY2021 RM'000	FY2020 RM'000	Increase/ (Decrease) RM'000	%
Country/Regions				
Malaysia	18,479	17,678	801	4.5
Asia	13,648	33,438	(19,790)	(59.2)
Oceania	12,469	21,302	(8,833)	(41.5)
Europe	11,564	9,579	1,985	20.7
America	3,751	2,414	1,337	55.4
Africa	11	494	(483)	(97.8)
Total Export	41,443	67,227	(25,784)	(38.4)
Total Revenue	59,922	84,905	(24,983)	(29.4)

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:-

	FY2021 RM'000	FY2020 RM'000	Change RM'000	%
Revenue	59,922	84,905	(24,983)	(29.4)
Cost of sales	(48,349)	(66,147)	(17,798)	(26.9)
Gross Profit	11,573	18,758	(7,185)	(38.3)
Other operating income	956	1,125	(169)	(15.0)
Selling and distribution costs	(3,715)	(5,178)	(1,463)	(28.3)
Administrative and general expenses	(7,238)	(7,453)	(215)	(2.9)
Earnings Before Interest, Taxes, Depreciation and Amortisation	1,576	7,252	(5,676)	(78.3)
Depreciation	(3,513)	(3,607)	(94)	(2.6)
Finance costs	(184)	(267)	(83)	(31.1)
(Loss)/Profit Before Tax	(2,121)	3,378	(5,499)	(162.8)
Tax expense	619	(801)	(1,420)	(177.3)
(Loss)/Profit for the Year	(1,502)	2,577	(4,079)	(158.3)

In tandem with the lower revenue, cost of sales shrank to RM48.349 million from RM66.147 million reported for financial year ended 30 June 2020 ("FY2020"). Notwithstanding that, percentage of cost of sales against revenue increased to 80.7% against 77.9% for FY2020 as the Group had to absorb fixed overheads resulting from closing imposed under several lockdowns to curb the spread of the pandemic.

On the same basis added on lower revenue, selling and distribution costs dropped by 28.3%. The marginal shrinking of administrative and general expenses resulted from reduction in operating expenses through cost rationalization exercise. Finance costs shrank further by 31.1% resulting from curbing of capital expenditure thus leading to improvement in cash flow position.

Whilst the group-wide cost cutting efforts demonstrated possibility of minimizing leakages, the quantum could not mitigate the fallout from a shrinking top line which saw the Group slid into a loss after tax of RM1.502 million as compared to a profit after tax position of RM2.577 million in FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Financial Position of the Group

	FY2021 RM'000	FY2020 RM'000	Change RM'000	%
Total assets	101,076	110,127	(9,051)	(8.2)
Non-current assets	34,901	35,244	(343)	(1.0)
Current assets	66,175	74,883	(8,708)	(11.6)
Borrowings	5,092	10,018	(4,926)	(49.2)

The Group's total assets shrank to RM101.076 million from RM110.127 million as at FY2020 as we made strong inroad in selling off inventory and recovering trade and other receivables. Non-current assets, which comprised property, plant and equipment ("PPE") of RM28.520 million (FY2020: RM28.341 million) and right-of-use-assets of RM6.381 million (FY2020: RM6.903), accounted for 34.5% (FY2020: 32.0%) of total assets. Non-current assets shrank marginally only during the year under review as acquisition of PPE of RM2.944 million mitigated depreciation charge of about RM3.513 million.

Our prudent financial management bore fruit as bank borrowings contracted by 49.2% to RM5.092 million as at FY2021. These bank borrowings comprised of short term trade borrowings for working capital and term loan for capital expenditure. Another positive result is a stronger net cash position at RM8.968 million, doubling up from RM4.158 million achieved in FY2020. We will remain prudent in managing our cash hoard to put us in a position of financial strength that will facilitate the execution of our strategic objectives in creating value over the coming years.

Cash Flows

	FY2021 RM'000	FY2020 RM'000	Change RM'000	%
Net cash from operating activities	8,570	5,254	3,316	63.1
Net cash (used in)/from investing activities	(2,703)	46	(2,749)	(5,976.1)
Net cash (used in)/from financing activities	(8,878)	761	(9,639)	(1,266.6)
Net (decrease)/increase in cash and cash equivalents	(3,011)	6,061	(9,072)	(149.7)

On the whole, the Group's cash and cash equivalents stood at RM11.591 million net of bank overdrafts of RM2.826 million, a RM3.006 million or 20.6% decrease compared to RM14.597 million in FY2020. During the year, the Group pared down borrowings significantly and invested in PPE; all these offset the gain from improvement in operating activities.

Improvement in operating activities arising from sell-down of inventories and recovery of trade and other receivables contributed to stronger cash flows from operating activities of RM8.570 million compared to RM5.254 million in FY2020. Cash flows used in investing activities of RM2.703 million were our capital investment in PPE.

Cash flows used in financing activities of RM8.878 million were represented by spending of RM9.213 million on repayment of bank borrowings, interest and lease liabilities and RM0.629 million on dividend offset by drawdown of term loan of RM0.964 million.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

DIVIDEND ➤

The Board of Directors do not recommended any dividend payment for FY2021 to preserve cash and provide financial flexibility to its current and future capital requirements which continue to be adversely affected by uncertain economic environment, heavily influenced by the pandemic.

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 minimizing 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 transactions.

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 utilize 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 minimize 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.

OUTLOOK AND FUTURE PROSPECTS ➤

The resurgence of COVID-19 cases had depressed economic activities around the world and Malaysia has been no exception, suffering through the imposition of several rounds of containment measures. Whilst these measures are expected to impact growth, it would be cushioned by, in part, continued allowance for essential economic sectors to operate, higher adaptability to remote working and increased digitalization and automation.

CAMPAP
Inspiring Ideas

Your Total Paper Stationery Solution



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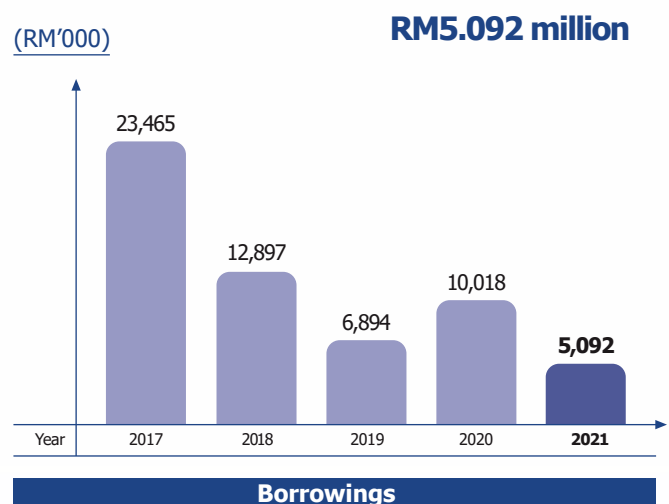
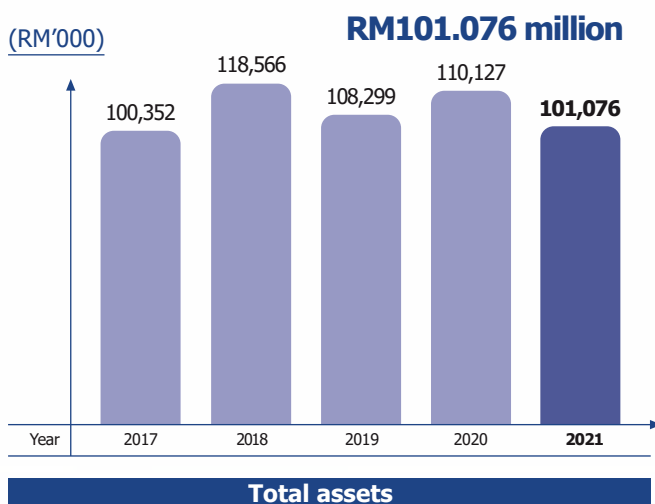
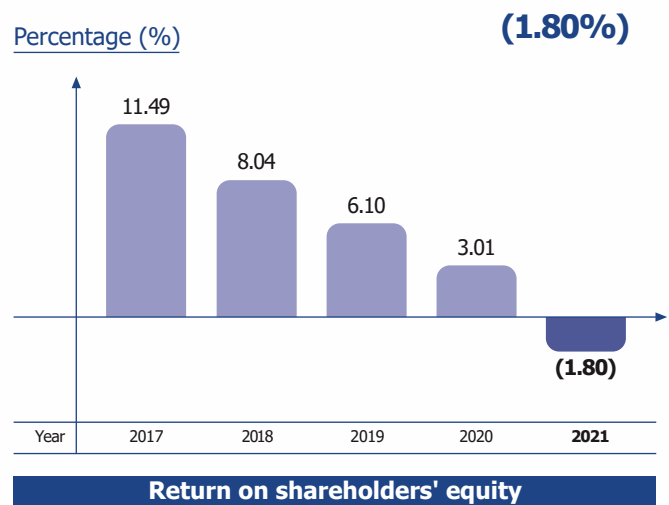
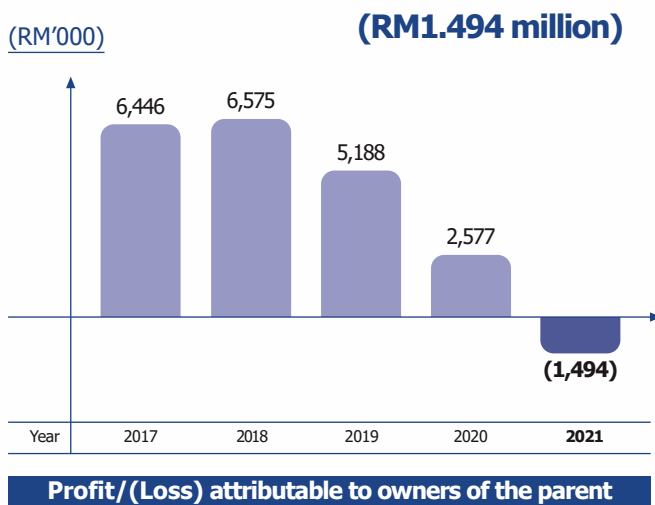
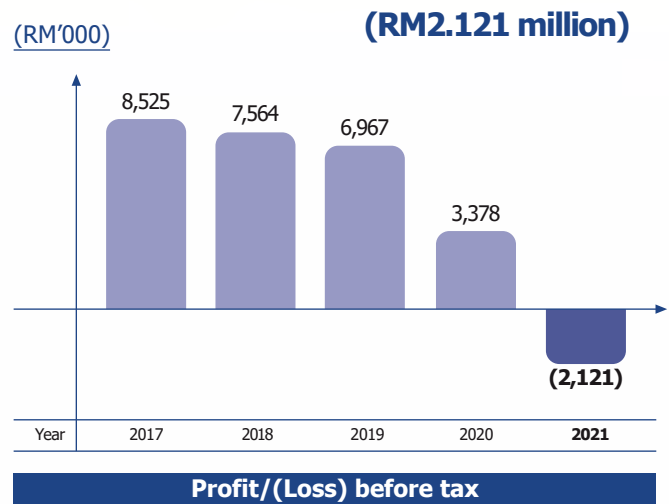
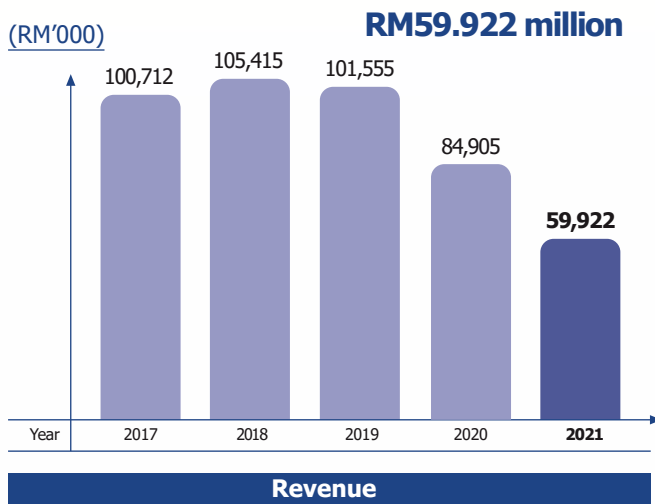
GROUP FINANCIAL SUMMARY

	FINANCIAL YEAR ENDED 30 JUNE				
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
A) INCOME					
Revenue	100,712	105,415	101,555	84,905	59,922
Profit/(Loss) before tax and interest	9,927	8,396	7,542	3,645	(1,937)
Profit/(Loss) before tax	8,525	7,564	6,967	3,378	(2,121)
Profit/(Loss) attributable to owners of the parent	6,446	6,575	5,188	2,577	(1,494)
B) FINANCIAL POSITION					
Assets					
Total assets	100,352	118,566	108,299	110,127	101,076
Current assets	60,715	77,941	70,240	74,883	66,175
Liabilities and Shareholders' Equity					
Current liabilities	35,310	28,911	16,669	19,449	13,296
Borrowings	23,465	12,897	6,894	10,018	5,092
Borrowings, net of cash	20,036	8,104	—	—	—
Lease liabilities	—	—	—	421	356
Paid-up share capital	42,097	63,145	63,145	63,145	63,145
Treasury shares	—	—	—	146	146
Equity attributable to owners of the parent	56,084	81,813	85,017	85,554	83,361
C) SHARE INFORMATION AND VALUATION					
i) Share Information					
Number of shares^ ('000)	84,193	126,290	126,290	125,796	125,796
Weighted average number of shares^ ('000)	85,035*	116,570	126,290	126,136	125,796
Market capitalisation (RM'000)	58,935	60,619	51,147	37,110	44,658
Per Share					
Earnings/(Loss) (sen)	7.58*	5.64	4.11	2.04	(1.19)
Net assets (RM)	0.67	0.65	0.67	0.68	0.66
Share price					
- Year high (RM)	0.80	0.77	0.54	0.51	0.46
- Year low (RM)	0.58	0.47	0.40	0.24	0.25
- As at 30 June (RM)	0.70	0.48	0.405	0.295	0.355
ii) Valuation					
Price to earnings multiple (times)	9.1	8.5	9.9	14.5	—
Price to book multiple (times)	1.05	0.74	0.60	0.43	0.54
D) FINANCIAL RATIOS					
Return on total assets (%)	6.42	5.55	4.79	2.34	(1.49)
Return on shareholders' equity (%)	11.49	8.04	6.10	3.01	(1.80)
Current ratio (times)	1.72	2.70	4.21	3.85	4.98
Debt-to-equity (times)	0.42	0.16	0.08	0.12	0.07

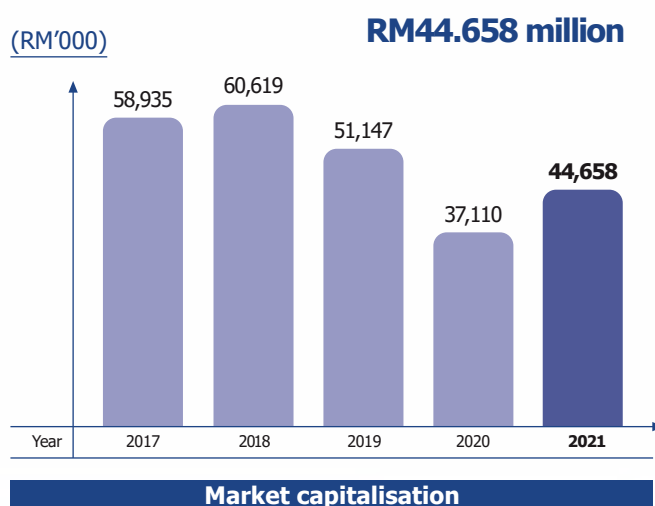
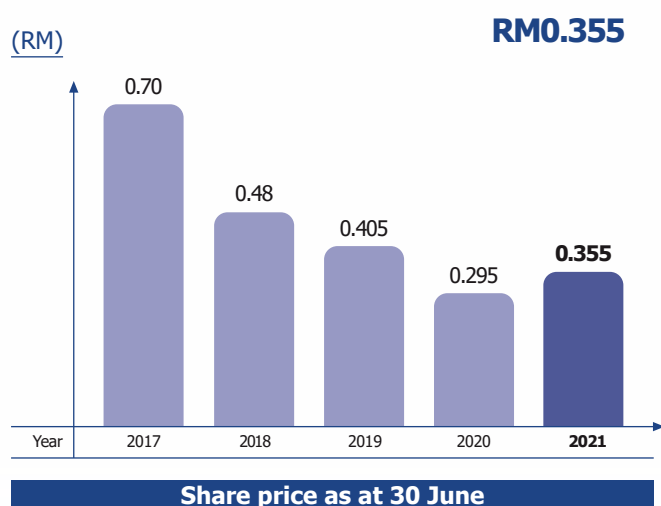
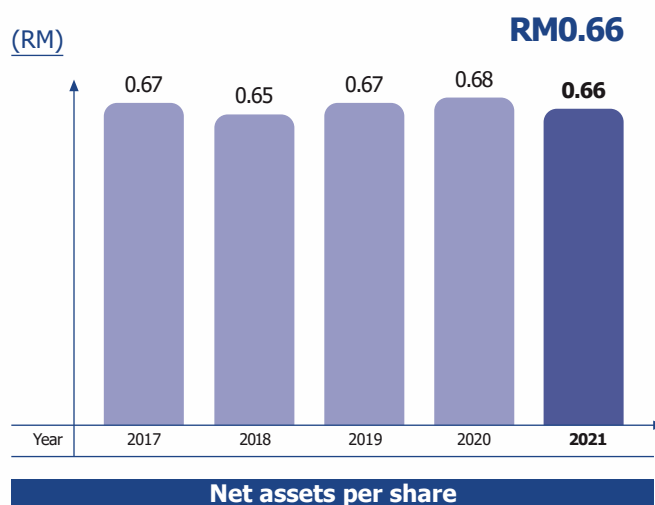
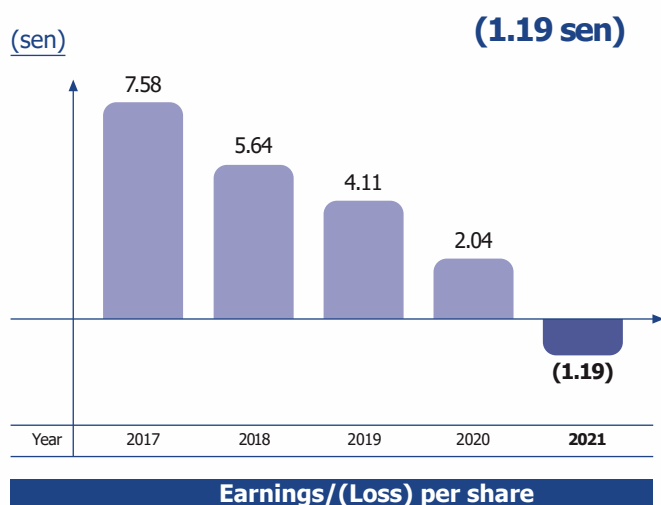
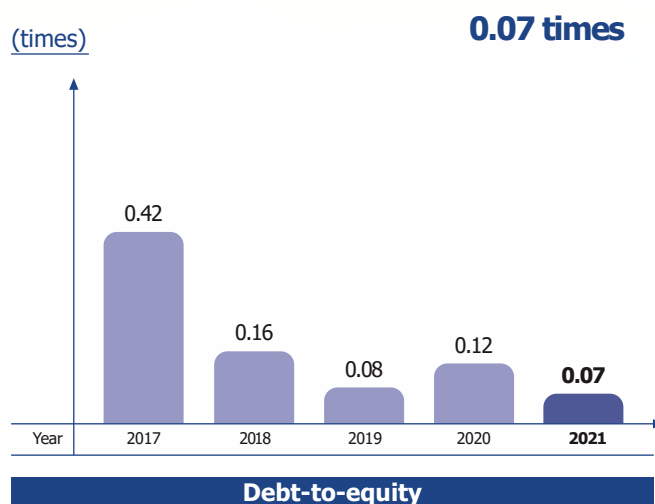
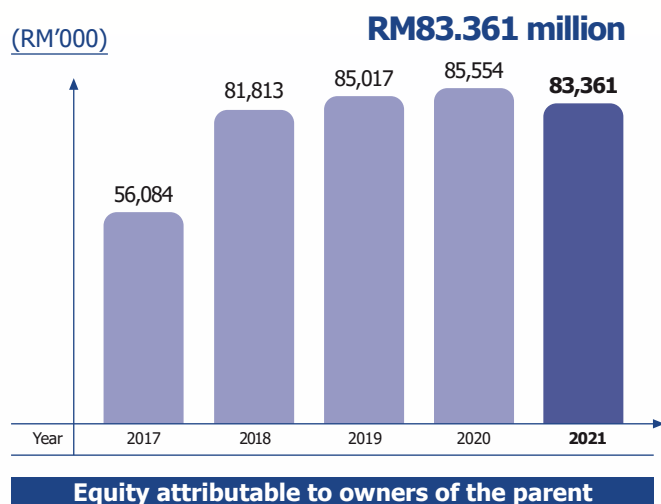
^ Excluding treasury shares

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

GROUP FINANCIAL HIGHLIGHTS

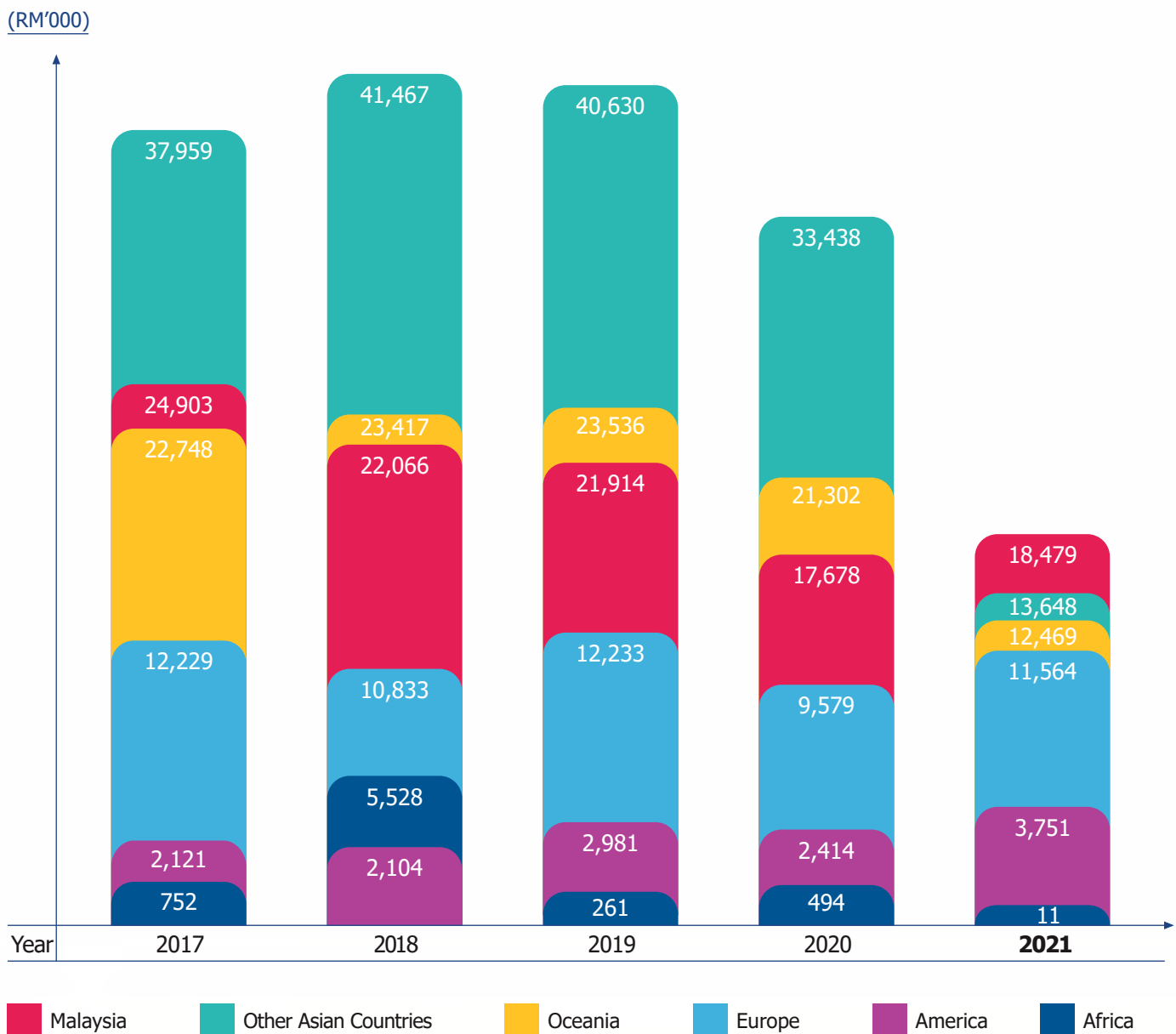


GROUP FINANCIAL HIGHLIGHTS (cont'd)



MARKET SEGMENTATION - REVENUE

Market Segment		FINANCIAL YEAR ENDED 30 JUNE				
		2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
1	Malaysia	24,903	22,066	21,914	17,678	18,479
2	Other Asian Countries	37,959	41,467	40,630	33,438	13,648
3	Oceania	22,748	23,417	23,536	21,302	12,469
4	Europe	12,229	10,833	12,233	9,579	11,564
5	America	2,121	2,104	2,981	2,414	3,751
6	Africa	752	5,528	261	494	11
		100,712	105,415	101,555	84,905	59,922



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 continues to pursue business sustainability by managing its economic, environmental and social ("EES") risks and opportunities.

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

Sustainability Governance Structure »

The Group has established a Sustainability Working Committee ("SWC") on 28 August 2019, helmed by the key senior management and 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 Securities 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 2021.

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 for developing innovative stationery products.

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 their needs in term of quality, service, delivery and pricing. Customer Satisfaction Survey Questionnaire is conducted annually 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 customers. 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.

Due to the outbreak of COVID-19 pandemic, markets suffer the effect of lockdowns which were announced and enforced in different stages. This resulted in lower orders and demand for the stationery products. With the acceleration in the shift to purchasing online, the Group is stepping up its efforts to increase sales through various online sales channels.

In December 2020, we have launched our own branded eCommerce website, namely campaponline.com, which specializes in the distribution of wide and comprehensive range of paper stationeries. Customers will be able to purchase or re-purchase the stationery items in a relatively short period of time with just a simple click of their finger, without having to leave their homes or offices during lockdown period.

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.

In order to further improve our production efficiency and streamline the process of our business operation, we will be replacing the aforesaid system with Enterprise Resource Planning ("ERP") system. The investment in ERP system is expected to sustain our business practices for long term benefits.

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, the ERP system will be 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.

Under the impact of COVID-19, our raw materials were purchased and kept at safety stock level in order to minimise the supply chain disruption. On the shop floor, our production schedule has been closely monitored and evaluated to ensure allocation of resources is sufficient during the lockdown period.

SUSTAINABILITY STATEMENT (cont'd)

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" emphasizing high-grade and elegant stationery paper products in year 2019.

Our continuous effort in building CAMPAP brand recognition had garnered the Group the BrandLaureate BestBrands Award 2018-2019 by The World Brand Foundation (formerly known as Asia Pacific Brands Foundation) on 27 June 2019. CAMPAP has been recognized as brand leadership in consumer stationery.

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.

Due to imposition of travel restriction arising from COVID-19 pandemic, we are not able to undertake our business trips and participate in any international trade fairs. Nonetheless, we remain focus to reinforce our relationship with customers. We engage the customers positively through various virtual platforms.

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 covering 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, including outsourcing process such as hot stamping, lamination, UV, embossing, debossing etc.

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 assigned 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

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.

During the financial year, the Group has initiated a solar system project which will generate electricity from sunlight. It is estimated to save approximately 43% of total yearly energy consumption, resulting in annual energy saving of 1,260,783 kWh.

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, a benchmark rejection rate has been set as a guide for respective sections of our production. For the year under review, we successfully kept the rejection of four (4) sections lower than the benchmark rate:

Product Rejection Analysis			
Section	Benchmark Rejection Rate	Rejection Rate (Year 2019-2020)	Rejection Rate (Year 2020-2021)
Spiral	<0.40%	0.19%	0.28%
Wire O	<0.20%	0.01%	0.01%
Exercise Book	<0.50%	0.39%	0.26%
Hardcover	<0.30%	0.32%	0.28%

The Group embraces 5S as part of the corporate culture. 5S stem from five (5) Japanese words: Seiri, Seiton, Seiso, Seiketsu, and Shitsuke. It is also commonly translated as Sort, Set-in-Order, Shine, Standardize, and Sustain. The 5S methodology is a systematic approach to workplace, aims at improving the efficiency and effectiveness of a company as well as maintaining a sustainable working environment.

SUSTAINABILITY STATEMENT (cont'd)

On 4 November 2020, we set up a 5S Committee which is responsible for developing action plans and implementing best practices of 5S in our workplace. The 5S Committee comprises Assistant General Manager (Operation) as the Chairman, Senior Operation Manager as the Leader, and members are the representatives from different organisational levels.

Upon implementation of 5S practices, the areas in production floor and warehouse are tidy, user friendly, clean and safe and more space is created.

Social

Occupational Safety and Health

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 trainings, social and quality audits to ensure compliance with defined standards.

During the financial year, we had upgraded the dormitories for our foreign workers. The upgrading of dormitories is not merely to comply with the Government's new rules for employees' minimum housing standard to contain the spread of COVID-19 virus, but also to cater for our foreign workers' comfortable living and social needs.

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.

Training activities were carried out to enhance the employees' on-the-job learning and knowledge. The training topics range from environmental awareness, industry knowledge and experience, human resources, technical skills to inter-personal skills. In order to adhere to COVID-19 preventive measures, majority of the trainings were conducted online.

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.

SUSTAINABILITY STATEMENT (cont'd)

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.

We continue to rent a badminton court adjacent to our main plant in Mak Mandin, Butterworth for employees' use. The Group believes various sporting events and outdoor activities help to build health living, foster closer working relation and team spirit amongst the employees. During the year under review, these activities were reduced due to COVID-19 pandemic.

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.

In order to minimise the risk of spreading the COVID-19 virus and safeguard the health of our employees, annual dinner has been cancelled. Nonetheless, long service awards were continuously rewarded to the employees for recognition of their loyalty and continued commitment to the Group, especially during these stressful and uncertain days amid the COVID-19 pandemic. The Group continues to provide monetary gifts to reward and motivate children of employees who achieved outstanding academic performance.

During various stages of movement control order imposed by the Government in response to the COVID-19 outbreak in Malaysia, the Group adhered strictly to the guidelines and standard operating procedures issued by the authorities. Preventive measures have been implemented by the Group to help contain the potential spread of the virus and ensure the well-being of our employees:

- (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 wear face masks, practise hand hygiene regularly and physical distancing in the workplace
- (v) Regular disinfection of workplace
- (vi) Reduce the number of employees present at the workplace and implement work from home arrangement for the employees
- (vii) Video meetings are conducted to facilitate the discussion between our employees and customers
- (viii) Brief employees on the importance of COVID-19 vaccination and encourage them to get inoculated. As a result, a majority (84%) of our employees registered for vaccination and intended to get their shots.

SUSTAINABILITY STATEMENT (cont'd)

Community

The Group's social responsibility extended to the community it operates. We had donated stationery products to various charity organisations in the vicinity of our manufacturing plant, such as Persatuan Untuk Kanak-Kanak Terencat Akal S.P.U, Shan Children's Home Perai and Together Charity For Special Home. Our donation of stationery products comprising a mix of notebooks, exercise books, box files, colour pencils, painting papers and story books.



➤ Donation of stationery products to Together Charity For Special Home in Raja Uda, Butterworth. It is a non-profit organisation that specializes in taking care of mentally retarded children.



➤ Our stationery products were contributed to underprivileged children at Shan Children's Home Association in Perai.

We recruited interns from local colleges and offered them an opportunity to work in the Advertising & Promotion department. During their internship, they were exposed to the actual working environment. This will enable them to gain practical working experience as well as develop their personal skills in arts and design.

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 2021

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	-	28
(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	-	901
(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	-	2,258
(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	-	2,697
(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	-	23-26	4,677
(g) Properties constructed on Lot No. Plot 175 Town of Butterworth Province Wellesley North Penang	A double-storey factory cum warehouse building	73,644	-	26-30	3,341
(h) Properties constructed on Lot No. 2091 Section 3 Town of Butterworth Province Wellesley North Penang	A single-storey warehouse building	32,960	-	27-36	4,503

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.

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 formalized 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.cwggholdings.com.my.

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 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.

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.

On 2 January 2021, Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor had completed his 12-year tenure as an INED. He was retained as INED by the shareholders of the Company at the 4th Annual General Meeting ("AGM") on 25 November 2020.

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 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 2020 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.

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.

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	Loh Seong Yew Ng Tiang Yong ⁽¹⁾ Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor ⁽²⁾

Note:

(1) Appointed as a member of NRC on 1 July 2021

(2) Resigned as a member of NRC on 1 July 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

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) 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.
- b) Reviewed the level of independence of the INEDs.
- c) 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.
- d) Discussed and recommended the re-election/retention of Directors, as applicable at AGM.
- e) 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.
- f) Conducted annual assessment on Board, Board Committees and individual Directors.
- g) Reviewed the proposed bonus payable to the Executive Directors.
- h) Discussed and recommended Directors' fees and benefits payable for shareholders' approval.
- i) Reviewed the remuneration package for Executive Directors.
- j) Reviewed the Employment Agreement and Service Agreement for the Directors.

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

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 FY2021, 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 FY2021.

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 FY2021, 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 Group Managing Director	4/4	—	—
Lee Eng Sheng Group Executive Director	4/4	—	—
Razmi Bin Alias Senior Independent Non-Executive Director	4/4	4/4	3/3
Loh Seong Yew Independent Non-Executive Director	4/4	4/4	3/3
Ng Tiang Yong Independent Non-Executive Director	4/4	—	—

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.

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, all the Directors have attended and successfully completed the Mandatory Accreditation Programme.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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"> ICDM PowerTalk Series 2021 - Collaboration in the Boardroom: Behaviour and Relationships
Ooi Chin Soon	<ul style="list-style-type: none"> FSC Standard for Chain of Custody Awareness Training
Tan Hing Ming @ Chin Hing Ming	<ul style="list-style-type: none"> FSC Standard for Chain of Custody Awareness Training
Lee Eng Sheng	<ul style="list-style-type: none"> Case Study-Based MFRS Webinar: Case Study Approach to Dealing with Deferred Taxation in Complex Transactions and Events Case Study-Based MFRS Webinar: MFRS 16 Case Studies including sub and intermediate leases, leases reassessments and rent concessions Case Study-Based MFRS Webinar: Going Concern, Resilience and Moving Forward - Lessons from Covid-19 experience Budget 2021 - Tax Highlights Case Study-Based MFRS Webinar: Case Studies in Accounting Estimates and Impairment of Assets Case Study-Based MFRS Webinar: Case Study Approach to Dealing with Deferred Taxation in Complex Transactions and Events
Razmi Bin Alias	<ul style="list-style-type: none"> Rethinking Your Office Space Strategy Post Covid-19 Environmental, Social and Governance (ESG): What Matters to You
Loh Seong Yew	<ul style="list-style-type: none"> Managing Tax Investigation & Tax Audit-Towards an Efficient Tax Compliance System Discovering The Technical And Practical Application Of Beneficial Ownership Framework Effective Appraisals Understanding Cryptocurrency The Future of Accounting is Here Seminar Percukaian Kebangsaan 2020 Managing Transfer Pricing Documentation and Audit The Four Elements of Wellbeing on How to Reduce Stress and Improve your performance 6th ACCA Asia Pacific Thought Leadership Forum : Growth Recovery Leveraging on Analytics Driven Forward-Based Insights ICDM PowerTalk Series 2021 - PowerX: Building the Mindsets of Tomorrow ICDM PowerTalk Series 2021 - Accelerated Digital Transformation of Legacy Companies CPD skills webinar: Laying out a Financial Model Some Big Issues in Global Economics Tackling Anxiety through Emotional Intelligence Global Economic Outlook - the post-COVID recovery Burnout does not mean the end of your career (unless you ignore it) Growing your emotional superpower CPD skills webinar : Cybersecurity new and emerging threats CPD skills webinar : Connected planning Preparing your company and teams to excel digitally, in partnership with learnsignal CPD skills webinar : Speaking and Presenting
Ng Tiang Yong	<ul style="list-style-type: none"> ICDM PowerTalk Series 2021 - Collaboration in the Boardroom: Behaviour and Relationships

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.

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 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 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 FY2021 is as tabulated:

Group	Fees RM	Salaries and Other Emoluments ⁽¹⁾ RM	Benefits in-kind RM	Allowance and Other Benefits RM	Total RM
Executive Directors					
Ooi Chin Soon	27,000	345,583	4,324	30,000	406,907
Tan Hing Ming @ Chin Hing Ming	27,000	291,758	3,941	30,000	352,699
Lee Eng Sheng	27,000	329,930	17,400	—	374,330
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	24,000	—	—	7,600	31,600
Ng Tiang Yong	24,000	—	—	1,600	25,600
Total	185,000	967,271	25,665	82,400	1,260,336

Company	Fees RM	Salaries and Other Emoluments ⁽¹⁾ 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	12,000	85,844	—	—	97,844
Lee Eng Sheng	12,000	—	—	—	12,000
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	24,000	—	—	7,600	31,600
Ng Tiang Yong	24,000	—	—	1,600	25,600
Total	140,000	85,844	—	22,400	248,244

Note:

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

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 FY2021, 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 FY2021 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 FY2021 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 FY2021, 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	11,500	6,000
Group	96,700	28,600

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The non-audit fees comprised mainly of review of Statement on Risk Management and Internal Control and tax 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.

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".

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 4th AGM in 2020 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 4th 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 2021 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 4th AGM held on 25 November 2020.

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

The general meetings have always been held at a hotel, which is easily accessible to all shareholders. Shareholders are entitled to appoint representatives or proxy/proxies/Chairman to vote on their behalf in their absence.

In view of the COVID-19 pandemic and as part of the initiatives to curb the spread of COVID-19, the 4th AGM of the Company was conducted virtually by way of live streaming from a broadcast venue and online remote voting via Remote Participation and Voting ("RPV") facilities.

The virtual 4th AGM is in compliance with the Guidelines Note on Conduct of General Meetings issued by the Securities Commission, Company's Constitution, Companies Act 2016 and other legal requirements.

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 27 September 2021.

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 the 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 Marketing, Procurement, Finance, Human Resources Management and Corporate Services/Creative & Product Development.

In view of the global outbreak of COVID-19, the Group has implemented several measures to mitigate the impact of COVID 19 on the Group's business.

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.

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

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.

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.
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

15. 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.
16. Review and update of the internal control system is made after considering pertinent changes in the regulatory and business environment on an ongoing basis.
17. The Board reviews all areas of significant financial risk and approves all significant investments after careful review and deliberation.
18. 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.

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

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.

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.

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 2021 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 27 September 2021.

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	Chairman	4/4
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	Member	4/4
Razmi Bin Alias	Member	4/4

On 1 July 2021, Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor relinquished his membership and Mr. Ng Tiang Yong was appointed as a member of the Audit Committee.

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 2021 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 2021 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) Property, plant and equipment management
- (ii) Credit control
- (iii) Human resources management

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 2021 ("FY2021").

➤ Material Contracts

During FY2021, 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 2021 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 2021, 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 27 September 2021

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	0.74	374	#
100 - 1,000	114	4.98	57,688	0.05
1,001 - 10,000	1,445	63.16	7,726,265	6.14
10,001 -100,000	643	28.10	18,245,200	14.50
100,001 - 6,289,789 (*)	66	2.89	50,634,276	40.25
6,289,790 and above (**)	3	0.13	49,132,000	39.06
Total	2,288	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 27 September 2021

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	80,000	0.06	-	-
Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor	-	-	-	-
Razmi Bin Alias	-	-	-	-
Loh Seong Yew	-	-	-	-
Ng Tiang Yong	1,266,800	1.01	-	-

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 27 September 2021

Thirty (30) Largest Shareholders

No.	Name	No. of Shares	% [^]
1	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED 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 PLEDGED 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)	6,226,100	4.95
5	LIM KAM SENG	5,699,000	4.53
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR WONG PEI FERN	4,800,000	3.82
7	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,528,900	3.60
8	SAY BENG HOLDINGS SDN BHD	3,660,126	2.91
9	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM ED WIN (PNG)	2,587,000	2.06
10	LOH KOK BENG	2,361,200	1.88
11	KHOR SWEE THEAM	1,707,800	1.36
12	NG TIANG YONG	1,266,800	1.01
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOUNG CHUAN KIM (E-KTU)	1,100,000	0.87
14	CHOK KWONG MING	1,070,000	0.85
15	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DENNIS CHUNG VUI MING (PNG)	1,012,500	0.80
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOR WAN TAT (E-PPG)	1,000,000	0.79
17	LIM SOON HUAT	728,100	0.58
18	TAN AH MOY @ TAN SIEW CHUAN	600,000	0.48
19	SAW JUNE HUI	578,800	0.46
20	LIM KAM SENG	575,000	0.46
21	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOW WOOI HUAT (STA 2)	567,700	0.45
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOUNG CHUAN KIM (E-KTU)	500,000	0.40
23	GOOI THEAN HENG	461,800	0.37
24	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHEN THEAN SEONG	422,800	0.34
25	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH WOEEI GIAP	412,000	0.33
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PENG BOON KEONG	400,000	0.32
27	GOH CHENG KANG	384,300	0.31
28	TAN PUI SAN	380,900	0.30
29	YEE DIH HORNG	350,000	0.28
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG CHEE MING (KUCHING-CL)	315,700	0.25

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 2021

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 - 110

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES ➤

The principal activity of the Company is investment holding. The principal activities and the details 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
(Loss)/Profit for the financial year	(1,502,185)	403,651
Attributable to:		
Owners of the parent	(1,494,084)	403,651
Non-controlling interests	(8,101)	0
	(1,502,185)	403,651

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 2020:	
First and final single tier dividend of 0.5 sen per ordinary share, paid on 23 December 2020	628,979

The Directors do not recommend any payment of dividend for the current financial year.

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*
Razmi Bin Alias
Loh Seong Yew
Ng Tiang Yong

* 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
Liaw Keng Siong
Hasri Bin Hasan

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 2021 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 30.06.2021
	Balance as at 01.07.2020	Bought	Sold	
Direct interests				
Ooi Chin Soon	28,527,500	0	0	28,527,500
Ng Tiang Yong	1,366,800	0	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 28 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 had, at Annual General Meeting ('AGM') held on 25 November 2020, renewed the mandate given to the Company to repurchase its own shares.

As at 30 June 2021, 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 2021 are as follows:

	Group RM	Company RM
Fees	185,000	140,000
Other emoluments	1,049,671	108,244
	<u>1,234,671</u>	<u>248,244</u>

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 indemnity coverage and insurance premium paid by the Group and the Company for the financial year were RM5,000,000 and RM12,730 respectively.

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.

(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 of 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.

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 (cont'd)

(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 30 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD ➤ _____

The significant event subsequent to the end of the reporting period 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 2021 amounted to RM11,500 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
27 September 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 70 to 110 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 2021 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
27 September 2021

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 110 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 27 September 2021

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 2021 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 110.

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 2021, 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 2021 were RM7,166,303 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, incorporating the impact of COVID-19 pandemic, 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 RM43,975,036 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 write down.

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
27 September 2021

Goh Chee Beng

03535/11/2022 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	28,520,431	28,341,109	0	0
Right-of-use assets	6	6,380,677	6,903,349	0	0
Investment in a subsidiary	7	0	0	53,151,142	53,151,142
		34,901,108	35,244,458	53,151,142	53,151,142
Current assets					
Inventories	8	43,975,036	47,329,417	0	0
Trade and other receivables	9	7,366,870	12,699,684	18,324,473	21,526,626
Current tax assets		416,136	256,345	54,866	46,676
Cash and cash equivalents	10	14,416,959	14,597,197	11,809,172	8,841,766
		66,175,001	74,882,643	30,188,511	30,415,068
TOTAL ASSETS		101,076,109	110,127,101	83,339,653	83,566,210
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)	(145,905)	(145,905)	(145,905)
Reserves	12	20,361,522	22,554,466	20,291,546	20,516,874
		83,360,669	85,553,613	83,290,693	83,516,021
Non-controlling interests		(7,611)	0	0	0
TOTAL EQUITY		83,353,058	85,553,613	83,290,693	83,516,021
LIABILITIES					
Non-current liabilities					
Borrowings	13	1,640,647	1,302,107	0	0
Lease liabilities	6	45,206	206,311	0	0
Retirement benefit obligations	14	984,954	851,782	0	0
Deferred tax liabilities	15	1,755,757	2,764,209	0	0
		4,426,564	5,124,409	0	0
Current liabilities					
Trade and other payables	16	8,913,084	9,583,417	48,960	50,189
Contract liabilities	17	615,872	831,674	0	0
Borrowings	13	3,451,084	8,715,680	0	0
Lease liabilities	6	311,592	215,000	0	0
Derivative liabilities	18	0	14,111	0	0
Current tax liabilities		4,855	89,197	0	0
		13,296,487	19,449,079	48,960	50,189
TOTAL LIABILITIES		17,723,051	24,573,488	48,960	50,189
TOTAL EQUITY AND LIABILITIES		101,076,109	110,127,101	83,339,653	83,566,210

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 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	20	59,922,483	84,905,213	140,512	170,395
Cost of sales	21	(51,433,854)	(69,408,252)	0	0
Gross profit		8,488,629	15,496,961	140,512	170,395
Other operating income		899,662	1,109,269	824,030	1,198,033
Selling and distribution costs		(3,715,253)	(5,178,324)	0	0
Administrative and general expenses		(7,504,099)	(7,698,025)	(442,297)	(485,545)
Impairment losses on trade receivables	9(g)	(162,588)	(99,727)	0	0
Reversal of impairment losses on trade receivables	9(g)	56,189	15,315	0	0
Finance costs	22	(184,073)	(266,950)	0	0
(Loss)/Profit before tax		(2,121,533)	3,378,519	522,245	882,883
Taxation	23	619,348	(801,159)	(118,594)	(159,988)
(Loss)/Profit for the financial year		(1,502,185)	2,577,360	403,651	722,895
<i>Other comprehensive loss</i>					
Items that will not be reclassified subsequently to profit or loss:					
- remeasurements of defined benefit obligations	14(c)	(91,881)	0	0	0
- deferred tax effects thereof	15(b)	22,000	0	0	0
Total comprehensive (loss)/income, net of tax		(1,572,066)	2,577,360	403,651	722,895
(Loss)/Profit attributable to:					
- owners of the parent		(1,494,084)	2,577,360	403,651	722,895
- non-controlling interests		(8,101)	0	0	0
		(1,502,185)	2,577,360	403,651	722,895
Total comprehensive (loss)/income attributable to:					
- owners of the parent		(1,563,965)	2,577,360	403,651	722,895
- non-controlling interests		(8,101)	0	0	0
		(1,572,066)	2,577,360	403,651	722,895
(Loss)/Earnings per ordinary share attributable to owners of the parent (sen):					
Basic	24	(1.19)	2.04		
Diluted	24	(1.19)	2.04		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2021

Group	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	Total attributable to owners of parents RM	Non-controlling interests RM	Total equity RM
Balance as at 1 July 2019		63,145,052	0	164,037	21,707,421	85,016,510	0	85,016,510
Profit for the financial year		0	0	0	2,577,360	2,577,360	0	2,577,360
Other comprehensive income, net of tax		0	0	0	0	0	0	0
Total comprehensive income		0	0	0	2,577,360	2,577,360	0	2,577,360
Transactions with owners								
Dividend paid	25	0	0	0	(1,894,352)	(1,894,352)	0	(1,894,352)
Purchase of treasury shares	11(b)	0	(145,905)	0	0	(145,905)	0	(145,905)
Total transactions with owners		0	(145,905)	0	(1,894,352)	(2,040,257)	0	(2,040,257)
Balance as at 30 June 2020		63,145,052	(145,905)	164,037	22,390,429	85,553,613	0	85,553,613
Balance as at 1 July 2020		63,145,052	(145,905)	164,037	22,390,429	85,553,613	0	85,553,613
Loss for the financial year		0	0	0	(1,494,084)	(1,494,084)	(8,101)	(1,502,185)
Other comprehensive loss:								
- remeasurements of defined benefit obligations		0	0	0	(91,881)	(91,881)	0	(91,881)
- deferred tax effects thereof		0	0	0	22,000	22,000	0	22,000
Total comprehensive loss		0	0	0	(1,563,965)	(1,563,965)	(8,101)	(1,572,066)
Transactions with owners								
Dividend paid	25	0	0	0	(628,979)	(628,979)	0	(628,979)
Incorporation of a subsidiary		0	0	0	0	0	490	490
Total transactions with owners		0	0	0	(628,979)	(628,979)	490	(628,489)
Balance as at 30 June 2021		63,145,052	(145,905)	164,037	20,197,485	83,360,669	(7,611)	83,353,058

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2021

Company	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Retained earnings RM	Total equity RM
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	25	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
Balance as at 1 July 2020		63,145,052	(145,905)	10,151,142	10,365,732	83,516,021
Profit for the financial year		0	0	0	403,651	403,651
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	403,651	403,651
Transaction with owners						
Dividend paid	25	0	0	0	(628,979)	(628,979)
Balance as at 30 June 2021		63,145,052	(145,905)	10,151,142	10,140,404	83,290,693

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2021

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(2,121,533)	3,378,519	522,245	882,883
Adjustments for:					
Bad debts written off		0	129,733	0	0
Deposits forfeited		0	(10,683)	0	0
Depreciation of property, plant and equipment	5	2,942,786	3,092,134	0	0
Depreciation of right-of-use assets	6	570,049	515,367	0	0
Fair value adjustments on derivative liabilities	18	(14,111)	14,111	0	0
Gain on disposal of property, plant and equipment		(24,974)	(85,433)	0	0
Property, plant and equipment written off	5	462	0	0	0
Impairment losses on trade receivables	9(g)	162,588	99,727	0	0
Interest expenses	22	184,073	266,950	0	0
Interest income		(193,616)	(287,553)	(824,026)	(1,198,033)
Inventories written down	8(a)	651,499	822,830	0	0
Provision for retirement benefits	14(c)	87,139	285,799	0	0
Reversal of impairment losses on trade receivables	9(g)	(56,189)	(15,315)	0	0
Reversal of defined benefit cost	14(b)	0	(1,150,000)	0	0
Unrealised (gain)/loss on foreign exchange		(26,839)	166,534	0	0
Operating profit/(loss) before changes in working capital		2,161,334	7,222,720	(301,781)	(315,150)
Changes in working capital:					
Inventories		2,702,882	2,748,100	0	0
Trade and other receivables		5,249,131	(2,289,255)	645,025	(655,254)
Trade and other payables		(670,333)	(252,521)	(1,229)	(71,007)
Contract liabilities		(215,802)	15,308	0	0
Retirement benefits paid	14(b)	(45,848)	(56,552)	0	0
Cash generated from/(used in) operations		9,181,364	7,387,800	342,015	(1,041,411)
Tax paid		(707,643)	(2,138,168)	(126,784)	(325,164)
Tax refunded		96,406	4,235	0	0
Net cash from/(used in) operating activities		8,570,127	5,253,867	215,231	(1,366,575)
CASH FLOWS FROM INVESTING ACTIVITIES					
Net repayment from a subsidiary		0	0	2,545,552	10,829,299
Interest received		193,299	277,403	835,602	1,244,948
Purchase of:					
- property, plant and equipment	5	(2,944,713)	(354,225)	0	0
- right-of-use assets	6(d)	0	(174,905)	0	0
Proceeds from disposal of property, plant and equipment		48,727	298,165	0	0
Net cash (used in)/from investing activities		(2,702,687)	46,438	3,381,154	12,074,247

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Contribution by non-controlling interests		490	0	0	0
Dividend paid	25	(628,979)	(1,894,352)	(628,979)	(1,894,352)
Interest paid		(39,619)	(14,964)	0	0
Drawdown of term loan		963,536	0	0	0
Net (decrease)/increase in bankers' acceptances		(8,146,279)	4,640,453	0	0
Purchase of treasury shares	11(b)	0	(145,905)	0	(145,905)
Repayments of:					
- term loans		(692,822)	(741,604)	0	0
- lease liabilities		(334,533)	(1,082,952)	0	0
Net cash (used in)/from financing activities		(8,878,206)	760,676	(628,979)	(2,040,257)
Net (decrease)/increase in cash and cash equivalents		(3,010,766)	6,060,981	2,967,406	8,667,415
Cash and cash equivalents at beginning of financial year		14,597,197	8,552,392	8,841,766	174,351
Effects of exchange rate changes on cash and cash equivalents		4,440	(16,176)	0	0
Cash and cash equivalents at end of financial year	10	11,590,871	14,597,197	11,809,172	8,841,766

STATEMENTS OF CASH FLOWS (cont'd)

For The Financial Year Ended 30 June 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities Note 6 RM	Bankers' acceptances Note 13 RM	Term loans RM
Balance as at 1 July 2019	977,379	3,364,580	2,552,099
Cash flows	(1,082,952)	4,640,453	(741,604)
Non-cash flows:			
- additions of lease liabilities	477,157	0	0
- unwinding of interest	49,727	85,651	116,608
Balance as at 30 June 2020	421,311	8,090,684	1,927,103
Balance as at 1 July 2020	421,311	8,090,684	1,927,103
Cash flows	(334,533)	(8,146,279)	270,714
Non-cash flows:			
- additions of lease liabilities	81,931	0	0
- lease modification	167,056	0	0
- unwinding of interest	21,033	55,595	67,826
Balance as at 30 June 2021	356,798	0	2,265,643

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

NOTES TO THE FINANCIAL STATEMENTS

30 June 2021

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 2021 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 27 September 2021.

2. PRINCIPAL ACTIVITIES ➤

The principal activity of the Company is investment holding. The principal activities and the details 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 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 2021

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:

	2021 RM	2020 RM
Malaysia	18,479,377	17,678,017
Other Asian countries	13,648,150	33,437,581
Africa	11,145	494,132
America	3,750,838	2,414,437
Europe	11,564,069	9,579,287
Oceania	12,468,904	21,301,759
	<u>59,922,483</u>	<u>84,905,213</u>

(b) Major customer

The Group does not have any major customer that contributed to ten (10) percent or more of its total revenue.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

5. PROPERTY, PLANT AND EQUIPMENT ➤

Group	Balance as at 01.07.2020 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Transfer from right-of- use assets RM	Balance as at 30.06.2021 RM
Carrying amount							
Freehold land	830,000	0	0	0	0	0	830,000
Buildings	13,241,406	0	0	0	(720,928)	0	12,520,478
Machinery and equipment	13,831,915	926,723	(23,752)	(104)	(1,959,625)	0	12,775,157
Office equipment, furniture and fixtures	325,415	221,556	0	(358)	(100,481)	0	446,132
Motor vehicles	112,373	97,790	(1)	0	(161,752)	201,610	250,020
Renovation	0	0	0	0	0	0	0
Capital work-in-progress	0	1,698,644	0	0	0	0	1,698,644
	28,341,109	2,944,713	(23,753)	(462)	(2,942,786)	201,610	28,520,431

----- Balance as at 30.06.2021 -----

	Cost RM	Accumulated depreciation RM	Carrying amount RM
Freehold land	830,000	0	830,000
Buildings	18,414,832	(5,894,354)	12,520,478
Machinery and equipment	58,231,798	(45,456,641)	12,775,157
Office equipment, furniture and fixtures	2,302,077	(1,855,945)	446,132
Motor vehicles	1,464,934	(1,214,914)	250,020
Renovation	47,393	(47,393)	0
Capital work-in-progress	1,698,644	0	1,698,644
	82,989,678	(54,469,247)	28,520,431

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

Group	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 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 2021

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:

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.

Capital work-in-progress represents office equipment and machinery and equipment under construction and is not depreciated until such time when the asset is available for use.

- (b) The carrying amounts of the property, plant and equipment charged to a banks for borrowings as disclosed in Note 13 to the financial statements are as follows:

	Group	
	2021	2020
	RM	RM
Building	4,502,650	4,723,661
Capital work-in-progress	1,139,291	0
	<u>5,641,941</u>	<u>4,723,661</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

6. LEASES »

The Group as lessee

Right-of-use assets

	Balance as at 01.07.2020 RM	Additions RM	Lease modification RM	Depreciation RM	Transfer to property, plant and equipment RM	Balance as at 30.06.2021 RM
Carrying amount						
Leasehold land	6,125,183	0	0	(241,447)	0	5,883,736
Motor vehicles	528,189	0	0	(69,981)	(201,610)	256,598
Rented properties	249,977	81,931	167,056	(258,621)	0	240,343
	6,903,349	81,931	167,056	(570,049)	(201,610)	6,380,677

	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 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 01.07.2020 RM	Additions RM	Lease modification RM	Lease payments RM	Interest expense RM	Balance as at 30.06.2021 RM
Carrying amount						
Motor vehicles	169,360	0	0	(71,003)	5,684	104,041
Rented properties	251,951	81,931	167,056	(263,530)	15,349	252,757
	421,311	81,931	167,056	(334,533)	21,033	356,798

	Balance as at 01.07.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 30.06.2020 RM
Carrying amount						
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

6. LEASES (cont'd) ➤

The Group as lessee (cont'd)

Lease liabilities (cont'd)

	Group 2021 RM	2020 RM
Represented by:		
Current liabilities	311,592	215,000
Non-current liabilities	45,206	206,311
	<u>356,798</u>	<u>421,311</u>
Lease liabilities owing to financial institutions	104,041	169,360
Lease liabilities owing to non-financial institutions	252,757	251,951
	<u>356,798</u>	<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.

- (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 RM2,696,570 (2020: RM2,829,734) is charged to a bank for borrowing as disclosed in Note 13 to the financial statements.
- (d) In the previous 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 and low-value asset of RM20,000 and below. The Group applies the 'short term lease' and 'low-value asset' exemptions for these leases.
- (f) The following are the amounts recognised in profit or loss:

	Group 2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in cost of sales)	403,514	363,066
Depreciation charge of right-of-use assets (included in administrative and general expenses)	166,535	152,301
Interest expense on lease liabilities (included in finance costs)	21,033	49,727
Expense relating to short term leases (included in administrative and general expenses)	134,890	155,900
Expense relating to low-value asset (included in administrative and general expenses)	1,496	0
	<u>727,468</u>	<u>720,994</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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 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 2021			
Extension options expected not to be exercised	256,800	0	256,800
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 2021					
Lease liabilities	4.29 - 4.48	320,499	46,683	0	367,182
30 June 2020					
Lease liabilities	4.30 - 4.48	228,923	213,311	0	442,234

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

7. INVESTMENT IN A SUBSIDIARY ➤

	Company 2021 RM	2020 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
		2021	2020	
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
Rausyan Intelek Sdn. Bhd.	Malaysia	51%	0%	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.	Malaysia	100%	100%	Sale of stationery

(i) All subsidiaries are audited by BDO PLT in Malaysia.

(ii) Rausyan Intelek Sdn. Bhd. was consolidated using unaudited financial statements up to 30 June 2021.

- (c) On 15 April 2021, Chee Wah Corporation Berhad ('CWCB'), a wholly-owned subsidiary of the Company, incorporated a 51% owned subsidiary, namely Rausyan Intelek Sdn. Bhd. ('RISB') for a cash consideration of RM510.
- (d) The non-controlling interests of Rausyan Intelek Sdn. Bhd. is not disclosed as it is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

8. INVENTORIES »

	Group	
	2021 RM	2020 RM
At cost		
Raw materials	19,448,412	21,719,760
Work-in-progress	2,565,361	2,333,107
Finished goods	10,810,612	11,907,646
Goods-in-transit	3,716,649	3,892,785
	36,541,034	39,853,298
At net realisable value		
Raw materials	5,648,756	5,424,954
Finished goods	1,785,246	2,051,165
	7,434,002	7,476,119
	43,975,036	47,329,417

- (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 there are events that indicate 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 RM651,499 (2020: RM822,830) as cost of sales.

- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM34,004,963 (2020: RM49,125,247).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

9. TRADE AND OTHER RECEIVABLES ➤

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
Third parties	7,022,534	11,537,991	0	0
Related party	143,769	0	0	0
Subsidiaries	0	0	31,523	73,610
	7,166,303	11,537,991	31,523	73,610
Less: Impairment losses	(230,301)	(126,493)	0	0
Total trade receivables	6,936,002	11,411,498	31,523	73,610
Other receivables				
Third parties	48,516	292,391	10,467	10,150
Amount owing by a subsidiary	0	0	18,271,483	20,828,927
Deposits	330,887	896,064	1,000	603,939
Total other receivables	379,403	1,188,455	18,282,950	21,443,016
Total receivables	7,315,405	12,599,953	18,314,473	21,516,626
Prepayments	51,465	99,731	10,000	10,000
Total trade and other receivables	7,366,870	12,699,684	18,324,473	21,526,626

- (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 (2020: 30 to 180 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition.
- (c) The related party is a company incorporated in Malaysia, in which a Director of the Company has significant and controlling financial interests.
- (d) The non-trade portion of amount owing by a subsidiary is unsecured, bears floating interest rates ranging from 3.19% to 3.50% (2020: 3.50% to 4.50%) per annum and payable within next twelve (12) months in cash and cash equivalents.

The following table demonstrates the sensitivity analysis of the Company if interest rates of amount owing by a subsidiary of the Company at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Company	
	2021 RM	2020 RM
Profit after tax		
- increase by 0.5% (2020: 0.5%)	69,432	79,150
- decrease by 0.5% (2020: 0.5%)	(69,432)	(79,150)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

(e) The currency exposure profile of total receivables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	3,682,260	3,941,652	18,314,473	21,516,626
United States Dollar	3,484,773	7,844,950	0	0
Others	148,372	813,351	0	0
	7,315,405	12,599,953	18,314,473	21,516,626

(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, which are then adjusted for current and forward-looking information on macroeconomic factors affecting the customers of the Group. The Group has identified the gross domestic product from manufacturing, inflation rate, producer price index and consumer price index (2020: 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 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 2021

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 2020	106,310	20,183	126,493
Reversal of impairment losses	(38,844)	(17,345)	(56,189)
Charge for the financial year	35,183	127,405	162,588
Written off	0	(2,591)	(2,591)
Balance as at 30 June 2021	102,649	127,652	230,301
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

* 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.

The Group considers trade and other receivables to be in default when the receivables are past due more than twelve (12) months.

(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 2021				
Current	4,191,683	(19,004)	0	4,172,679
1 to 30 days past due	1,539,996	(32,989)	0	1,507,007
31 to 120 days past due	1,299,359	(44,571)	0	1,254,788
More than 120 days past due	135,265	(6,085)	(127,652)	1,528
Total	7,166,303	(102,649)	(127,652)	6,936,002
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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

- (i) Impairment for other receivables and non-trade portion of amount owing by a subsidiary are recognised based on the general approach within MFRS 9 *Financial Instruments* 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 for amount past due more than 120 days.

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 from manufacturing, producer price index and consumer price index (2020: gorss dosmetic 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			
	2021		2020	
	RM	% of total	RM	% of total
By country				
Malaysia	3,503,474	51%	2,922,630	26%
Other Asian countries	1,374,748	20%	5,144,345	45%
Europe	1,898,532	27%	1,559,466	14%
Oceania	159,248	2%	981,946	8%
America	0	0%	756,011	7%
Africa	0	0%	47,100	*
	6,936,002	100%	11,411,498	100%

* Less than 1%

At the end of the reporting period, approximately 18% (2020: 11%) of the trade receivables of the Group was due from one (1) (2020: one (1)) major customer who is a stationery distributor (2020: multi-industry conglomerate).

At the end of the reporting period, trade receivables of the Company was solely due from its subsidiaries in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

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

	Group	
	2021	2020
	RM	RM
(Loss)/Profit after tax		
USD/RM - strengthen by 10% (2020: 10%)	264,843	596,216
- weaken by 10% (2020: 10%)	<u>(264,843)</u>	<u>(596,216)</u>

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

10. CASH AND CASH EQUIVALENTS ➤

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	3,264,762	5,815,700	656,975	60,269
Short term funds	11,152,197	8,781,497	11,152,197	8,781,497
As per statements of financial position	14,416,959	14,597,197	11,809,172	8,841,766
Less: Bank overdrafts (Note 13)	(2,826,088)	0	0	0
As per statements of cash flows	<u>11,590,871</u>	<u>14,597,197</u>	<u>11,809,172</u>	<u>8,841,766</u>

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	13,388,915	13,448,496	11,809,172	8,841,766
United States Dollar	944,655	1,129,275	0	0
Others	83,389	19,426	0	0
	<u>14,416,959</u>	<u>14,597,197</u>	<u>11,809,172</u>	<u>8,841,766</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

- (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.

The fair values of short term funds are determined by reference to the quoted prices at the close of the business at the end of each reporting period and are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (c) No expected credit loss was recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.
- (d) The following table demonstrates the sensitivity of the (loss)/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	
	2021	2020
	RM	RM
(Loss)/Profit after tax		
USD/RM - strengthen by 10% (2020: 10%)	71,794	85,825
- weaken by 10% (2020: 10%)	(71,794)	(85,825)

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			
	2021		2020	
	Number of	Amount	Number of	Amount
	shares	RM	shares	RM
Issued and fully paid-up with no par value				
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 2021

11. SHARE CAPITAL (cont'd) ➤

(b) Treasury shares

The shareholders of the Company had, at Annual General Meeting ('AGM') held on 25 November 2020, renewed the mandate given to the Company to repurchase its own shares.

There was no repurchase of own equity securities during the financial year.

	Group and Company			
	2021		2020	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
Balance as at 1 July 2020/2019	494,300	145,905	0	0
Purchase of treasury shares	0	0	494,300	145,905
Balance as at 30 June	494,300	145,905	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) In the previous 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 2021, 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 after excluding the treasury shares is 125,795,803.

- (iii) 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 2021

12. RESERVES »

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Capital reserve	164,037	164,037	10,151,142	10,151,142
Retained earnings	20,197,485	22,390,429	10,140,404	10,365,732
	20,361,522	22,554,466	20,291,546	20,516,874

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	
	2021 RM	2020 RM
Current liabilities		
Bank overdrafts	2,826,088	0
Term loans	624,996	624,996
Bankers' acceptances	0	8,090,684
	3,451,084	8,715,680
Non-current liability		
Term loans	1,640,647	1,302,107
Total borrowings		
Bank overdrafts (Note 10)	2,826,088	0
Term loans	2,265,643	1,927,103
Bankers' acceptances	0	8,090,684
	5,091,731	10,017,787

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

13. BORROWINGS (cont'd) »

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

Group	On demand or within 1 year RM	1 to 5 years RM	Over 5 years RM	Total RM
As at 30 June 2021				
Borrowings	3,491,734	1,656,489	0	5,148,223
As at 30 June 2020				
Borrowings	8,800,071	1,374,744	0	10,174,815

- (d) The following table sets 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	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 2021								
Floating rates								
Bank overdrafts	8.22	2,826,088	0	0	0	0	0	2,826,088
Term loans	3.71	624,996	940,404	367,523	315,408	17,312	0	2,265,643
As at 30 June 2020								
Floating rates								
Bankers' acceptances	3.94	8,090,684	0	0	0	0	0	8,090,684
Term loan	5.14	624,996	624,996	624,996	52,115	0	0	1,927,103

- (e) 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	
	2021 RM	2020 RM
(Loss)/Profit after tax		
- increase by 0.5% (2020: 0.5%)	(19,348)	(15,123)
- decrease by 0.5% (2020: 0.5%)	19,348	15,123

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

13. BORROWINGS (cont'd) ➤

- (f) Borrowings of the Group are secured by the following:
- (i) legal charge over certain capital work-in-progress, building and leasehold land as disclosed in Note 5 and Note 6 to the financial statements; and
 - (ii) corporate guarantee by the Company.

14. 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.
- (b) The present value of defined benefit obligations are as follows:

Unfunded	Group	
	2021 RM	2020 RM
Balance as at 1 July 2020/2019	851,782	1,772,535
Defined benefit costs	179,020	285,799
Reversal of defined benefit cost*	0	(1,150,000)
Benefits paid	(45,848)	(56,552)
Balance as at 30 June	984,954	851,782

* Reversal of defined benefit cost arose 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	
	2021 RM	2020 RM
Recognised in profit or loss		
Current service cost	43,686	243,421
Interest expense (expensed as employee benefits)	43,453	42,378
	87,139	285,799
Recognised in other comprehensive income		
Remeasurements arising from:		
- changes in financial assumptions	65,098	0
- experience adjustments	26,783	0
	91,881	0
	179,020	285,799

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

14. RETIREMENT BENEFIT OBLIGATIONS (cont'd) »

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

	Group	
	2021	2020
	%	%
Discount rate	3.99	5.30
Expected rate of salary increase	5.50	5.50

- (e) The following table demonstrates the sensitivity analysis of the carrying amount of liabilities 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	
	2021	2020
	RM	RM
Increase in discount rate by 1% (2020: 1%)	(50,562)	(55,547)
Decrease in discount rate by 1% (2020: 1%)	55,946	62,683
Increase in expected rate of salary by 1% (2020: 1%)	52,556	74,863
Decrease in expected rate of salary by 1% (2020: 1%)	(47,183)	(67,146)

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

15. DEFERRED TAX LIABILITIES »

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

	Group	
	2021	2020
	RM	RM
Balance as at 1 July 2020/2019	2,764,209	2,905,936
Recognised in profit or loss (Note 23)	(986,452)	(141,727)
Recognised in other comprehensive income	(22,000)	0
Balance as at 30 June	1,755,757	2,764,209
Net deferred tax liabilities		
Deferred tax assets (before offsetting)	(1,607,000)	(1,260,000)
Offsetting	1,607,000	1,260,000
Deferred tax assets (after offsetting)	0	0
Deferred tax liabilities (before offsetting)	3,362,757	4,024,209
Offsetting	(1,607,000)	(1,260,000)
Deferred tax liabilities (after offsetting)	1,755,757	2,764,209
	1,755,757	2,764,209

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

15. DEFERRED TAX LIABILITIES (cont'd) ➤

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

Deferred tax assets of the Group

	Inventories RM	Lease liabilities RM	Retirement benefits RM	Unabsorbed tax losses RM	Others RM	Total RM
Balance as at 1 July 2020	870,000	500	204,000	0	185,500	1,260,000
Recognised in profit or loss	190,000	500	10,000	45,000	79,500	325,000
Recognised in other comprehensive income	0	0	22,000	0	0	22,000
Balance as at 30 June 2021	1,060,000	1,000	236,000	45,000	265,000	1,607,000
Balance as at 1 July 2019	679,680	0	425,664	0	182,000	1,287,344
Recognised in profit or loss	190,320	500	(221,664)	0	3,500	(27,344)
Balance as at 30 June 2020	870,000	500	204,000	0	185,500	1,260,000

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Total RM
Balance as at 1 July 2020	4,024,209	4,024,209
Recognised in profit or loss	(661,452)	(661,452)
Balance as at 30 June 2021	3,362,757	3,362,757
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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

15. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses				
- expires by 30 June 2025	649,000	744,700	0	0
Unabsorbed capital allowances	303,500	303,500	0	0
Other deductible temporary differences	390,600	379,200	8,800	11,000
	1,343,100	1,427,400	8,800	11,000

Deferred tax assets of the Company and 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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local authority.

16. TRADE AND OTHER PAYABLES ➤

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	6,253,581	6,344,933	0	0
Other payables				
Third parties	520,276	697,183	1,272	1,963
Accruals	2,136,241	2,538,315	47,688	48,226
Deposits	2,986	2,986	0	0
Total other payables	2,659,503	3,238,484	48,960	50,189
Total trade and other payables	8,913,084	9,583,417	48,960	50,189

- (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 (2020: 15 to 120 days) from the date of invoice.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

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

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia	4,875,894	6,588,569	48,960	50,189
United States Dollar	4,037,190	2,776,008	0	0
Euro Dollar	0	218,840	0	0
	8,913,084	9,583,417	48,960	50,189

- (d) 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.
- (e) The following table demonstrates the sensitivity of the (loss)/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	
	2021	2020
	RM	RM
(Loss)/Profit after tax		
USD/RM - strengthen by 10% (2020: 10%)	(306,826)	(210,977)
- weaken by 10% (2020: 10%)	306,826	210,977

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

17. CONTRACT LIABILITIES ➤

	Group	
	2021	2020
	RM	RM
Deferred income	615,872	831,674

- (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 RM831,674 (2020: RM816,366) 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 2021

17. 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 2021	615,872
- as at 30 June 2020	831,674

18. DERIVATIVE LIABILITIES ➤

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

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

	Group 2021 RM	2020 RM
Gain/(Loss) on derivative liabilities	14,111	(14,111)

- (b) Derivative liabilities of the Group were categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy in the previous 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) In the previous financial year, the notional amount and maturity date of the forward foreign exchange contracts outstanding of the Group were 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
			2,128,500

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

19. CAPITAL COMMITMENT ➤

	Group 2021 RM	2020 RM
Capital expenditure in respect of purchase of property, plant and equipment: - contracted but not provided for	897,361	127,059

20. REVENUE ➤

	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Revenue from contracts with customers				
- sale of goods	59,922,483	84,905,213	0	0
Other revenue				
- management fees	0	0	140,512	170,395
	59,922,483	84,905,213	140,512	170,395

- (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) Management fees are recognised when services are rendered.

21. COST OF SALES ➤

	Group 2021 RM	2020 RM
Cost of goods sold	51,433,854	69,408,252

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

22. FINANCE COSTS ➤

	Group 2021 RM	2020 RM
Interest expenses on:		
- bank overdrafts	39,619	14,964
- bankers' acceptances	55,595	85,651
- lease liabilities	21,033	49,727
- term loans	67,826	116,608
	184,073	266,950

23. TAXATION ➤

	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Current tax expense:				
- based on profit for the financial year	380,820	952,400	118,600	193,300
- overprovision in prior years	(13,716)	(9,514)	(6)	(33,312)
	367,104	942,886	118,594	159,988
Deferred tax expense (Note 15):				
- relating to origination and reversal of temporary differences	(976,452)	(133,391)	0	0
- overprovision in prior years	(10,000)	(8,336)	0	0
	(986,452)	(141,727)	0	0
Taxation for the financial year	(619,348)	801,159	118,594	159,988

The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

23. TAXATION (cont'd) ➤

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
(Loss)/Profit before tax	(2,121,533)	3,378,519	522,245	882,883
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	(509,200)	810,800	125,300	211,900
Tax effects in respect of:				
- expenses not deductible for tax purposes	228,093	252,624	37,600	37,600
- income not subject to tax	(51,825)	(70,815)	(43,800)	(56,400)
- expenses eligible for double deduction	(114,500)	(71,800)	0	0
Deferred tax assets not recognised	26,400	200	0	200
Utilisation of deferred tax assets previously not recognised	(46,600)	(58,600)	(500)	0
Reinvestment allowances	(128,000)	(43,400)	0	0
Overprovision of tax expense in prior years	(13,716)	(9,514)	(6)	(33,312)
Overprovision of deferred tax in prior years	(10,000)	(8,336)	0	0
Taxation for the financial year	(619,348)	801,159	118,594	159,988

24. (LOSS)/EARNINGS PER ORDINARY SHARE ➤

(a) Basic

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the (loss)/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	
	2021	2020
	RM	RM
(Loss)/Profit attributable to owners of the parent (RM)	(1,494,084)	2,577,360
Weighted average number of ordinary shares in issue (unit)	125,795,803	126,135,750
Basic (loss)/earnings per ordinary share (sen)	(1.19)	2.04

(b) Diluted

Diluted (loss)/earnings per ordinary share equals basic (loss)/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 2021

25. DIVIDENDS ➤

	Group and Company			
	2021		2020	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of financial year ended 30 June 2019				
First and final single tier dividend paid	0	0	1.5	1,894,352
In respect of financial year ended 30 June 2020				
First and final single tier dividend paid	0.5	628,979	0	0
	0.5	628,979	1.5	1,894,352

26. EMPLOYEE BENEFITS ➤

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages, salaries and bonuses	14,525,051	17,533,353	272,520	273,610
Contributions to defined contribution plan	1,175,147	1,389,969	18,710	22,371
Defined benefit plan*	87,139	(864,201)	0	0
Social security contributions	206,239	203,549	1,637	1,637
Other benefits	1,092,052	1,399,483	2,278	8,413
	17,085,628	19,662,153	295,145	306,031

* Negative defined benefit plan arose due to the reversal of defined benefit cost as disclosed in Note 14 to the financial statements.

27. CONTINGENT LIABILITIES ➤

The Company provides corporate guarantees to licensed banks for banking facilities granted to a subsidiary. The amount of the banking facilities utilised by the said subsidiary totalled RM3,361,588 as at 30 June 2021 (2020: RM535,500).

The corporate guarantees are given to financial institutions as the securities in relation to banking facilities granted to a subsidiary.

The Group designates corporate guarantees given to banks for credit facilities granted to a subsidiary as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of past event, which it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 30 June 2021 to be insignificant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

28. 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.

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Subsidiaries:				
Management fees charged	0	0	140,512	170,395
Interest received	0	0	631,299	924,642
Related parties:				
Rental charged by	0	2,000	0	0
Purchase of goods	78,403	4,258	0	0
Purchase of property, plant and equipment	0	12,000	0	0
Services received	19,702	0	0	0
Sale of goods	193,368	30,530	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.

During the financial year, there are no other key management personnel having the authority and responsible for planning, directing and controlling the activities of the Group other than the Directors of the Company.

The remuneration of Directors and other key management personnel of the Group and of the Company was as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short term employee benefits	1,072,906	873,011	234,573	241,274
Contributions to defined contribution plan	161,765	305,820	13,671	18,472
	1,234,671	1,178,831	248,244	259,746

Estimated monetary value of benefits-in-kind provided to the Directors of the Group is RM25,665 (2020: RM24,491).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

29. 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 2021 and 30 June 2020.

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Total borrowings (Note 13)	5,091,731	10,017,787	0	0
Total lease liabilities (Note 6)	356,798	421,311	0	0
Total debts	5,448,529	10,439,098	0	0
Total equity	83,353,058	85,553,613	83,290,693	83,516,021
Debt-to-equity ratio	0.07 : 1	0.12 : 1	*	*

* Debt-to-equity ratio is not presented as the Company does not have debts.

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 of more than 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 2021.

(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 2021

29. 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 six (6) 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 2019 Novel Coronavirus infection ('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 16 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

29. 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 9 and 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 16 to the financial statements respectively.

30. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR ➤

The World Health Organisation declared the COVID-19 a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO.

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.

31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF REPORTING PERIOD ➤

On 12 July 2021, CWCB, a wholly-owned subsidiary of the Company, further acquired 50,490 new ordinary shares, representing 51% of the total issued and paid-up share capital in RISB, for a cash consideration of RM50,490. RISB remained a 51% owned subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

30 June 2021

32. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs ➤

32.1 New MFRSs and Amendment to 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
<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>Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

32.2 New MFRSs and Amendment to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
<i>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
<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>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 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting ("AGM") of CWG HOLDINGS BERHAD will be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its website at <https://tiih.online> on Wednesday, 24 November 2021 at 11.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors retiring in accordance with the Company's Constitution:
 - 2.1 Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor (Clause 78)
 - 2.2 Tan Hing Ming @ Chin Hing Ming (Clause 78)
3. 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.
4. To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

AS SPECIAL BUSINESS

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

5. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

Resolution 5

"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."

6. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

Resolution 6

"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:

- (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 2021, the audited retained profits of the Company stood at RM10,140,404; 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:
 - (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.

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

6. 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."

7. RETENTION AS INDEPENDENT DIRECTOR

"THAT subject to the passing of Ordinary Resolution 1, 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."

- 8. 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 7

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

26 October 2021

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

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 submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide on the procedure of 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 18 November 2021 (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 3, 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 5 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 4th AGM held on 25 November 2020 and which will lapse at the conclusion of the 5th AGM.

3. The proposed Ordinary Resolution 6, 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.
4. The proposed Ordinary Resolution 7, 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 5th AGM of the Company.

SHARE BUY-BACK STATEMENT

1. Introduction

The shareholders of CWG Holdings Berhad ("CWG" or "the Company") had at the 4th Annual General Meeting ("AGM") of our Company held on 25 November 2020, 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 5th AGM unless the approval for its renewal is obtained from the shareholders at the forthcoming 5th AGM.

On 8 October 2021, 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 5th 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 2021, 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 the next AGM, at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next 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 stabilize 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 2021, the retained profits of our Company is approximately RM10,140,404. 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 2021, the effect of the Share Buy-Back on the percentage shareholdings of the substantial shareholders and/or Directors of CWG are as follows:-

	Existing as at 1 October 2021 [#]				After the Proposed Renewal of Share Buy-Back [^]			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial Shareholders								
Ooi Chin Soon	28,778,500	22.88	-	-	28,778,500	25.32	-	-
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
Directors								
Ooi Chin Soon	28,778,500	22.88	-	-	28,778,500	25.32	-	-
Tan Hing Ming @ Chin Hing Ming	-	-	-	-	-	-	-	-
Lee Eng Sheng	80,000	0.06	-	-	80,000	0.07	-	-
Dato' Mohd Junid Bin Mohd Noor @ Md Noor	-	-	-	-	-	-	-	-
Razmi Bin Alias	-	-	-	-	-	-	-	-
Loh Seong Yew	-	-	-	-	-	-	-	-
Ng Tiang Yong	1,266,800	1.01	-	-	1,266,800	1.11	-	-

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 2021 (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

The Company did not purchase CWG Shares in the preceding twelve (12) months.

As at the date of this Statement, the Company had purchased a total of 494,300 of its own Shares from the open market, and retained as Treasury Shares in accordance to the provisions of Section 127 of the Act. 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.

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 2020	0.285	0.385
November 2020	0.320	0.375
December 2020	0.320	0.380
January 2021	0.330	0.460
February 2021	0.360	0.445
March 2021	0.340	0.425
April 2021	0.370	0.430
May 2021	0.385	0.430
June 2021	0.355	0.410
July 2021	0.350	0.700
August 2021	0.390	0.575
September 2021	0.390	0.465

Last transacted market price as at 1 October 2021 was RM0.420.

(Source: www.investing.com)

SHARE BUY-BACK STATEMENT (cont'd)

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:-

- (a) cancel the Shares so purchased;
- (b) 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;
- (c) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (d) retain part of the shares so purchased as Treasury Shares and cancel the remainder; or
- (e) 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 2021, the public shareholding spread of the Company was approximately 58.74%. 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 5th AGM of the Company to give effect to the Proposed Renewal of Share Buy-Back.

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 2020 and 30 June 2021.

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 5TH ANNUAL GENERAL MEETING

Date : Wednesday, 24 November 2021
 Time : 11.00 am
 Venue : Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia
 Meeting Platform : TIIH Online website at <https://tiih.online>

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE ("COVID-19")

In line with the Government's directive and Securities Commission Malaysia's revised Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance) to curb the spread of COVID-19, the 5th AGM of the Company will be conducted on a virtual basis through live streaming and online voting via Remote Participation and Voting ("RPV") facilities.

Pursuant to the SC Guidance, all meeting participants including the Chairman of the Meeting, Board members, senior management and shareholders are to participate in the meeting online. The online meeting platform shall be recognized as the main venue of the AGM and the online platform is located in Malaysia. Shareholders, proxies and corporate representatives/attorneys **will not be allowed** to attend the 5th AGM in person on the day of the meeting.

Due to constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 5th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 5th AGM.

The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING

The RPV facilities are available on Tricor's TIIH Online website at <https://tiih.online>.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities from Tricor. Please refer to Procedures for RPV facilities as set out below for the requirements and procedures.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to attend, participate, speak and vote at this AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedures for RPV facilities as set out below.

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 5th AGM using RPV facilities:

	Procedure	Action
BEFORE THE 5TH AGM DAY		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services" by selecting the "Sign Up" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE GUIDE FOR THE 5TH ANNUAL GENERAL MEETING (cont'd)

(b)	Submit your request to attend AGM remotely	<ul style="list-style-type: none"> Registration is open from Tuesday, 26 October 2021 until the day of AGM on Wednesday, 24 November 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate at the 5th AGM using the RPV. Login with your user ID (i.e. e-mail address) and password and select the corporate event: "(REGISTRATION) CWG HOLDINGS BERHAD 5th AGM". Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 18 November 2021, the system will send you an e-mail on or after 22 November 2021 to approve or reject your registration for remote participation. <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV facilities).</i></p>
ON THE 5TH AGM DAY		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 5th AGM at any time from 10.00 am i.e. 1 hour before the commencement of meeting at 11.00 am on Wednesday, 24 November 2021.
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: "(LIVE STREAM MEETING) CWG HOLDINGS BERHAD 5th AGM" to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by you during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	<ul style="list-style-type: none"> Voting session commences from 11.00 am on Wednesday, 24 November 2021 until a time when the Chairman announces the end of the session. Select the corporate event: "(REMOTE VOTING) CWG HOLDINGS BERHAD 5th AGM" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(f)	End of remote participation	<ul style="list-style-type: none"> The live streaming will end upon the announcement by the Chairman on the conclusion of the AGM.

ADMINISTRATIVE GUIDE FOR THE 5TH ANNUAL GENERAL MEETING (cont'd)

Note to users of the RPV facilities:

1. Should your registration for the RPV facilities be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at +6011-40805616 / +6011- 40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only members whose name appear on the Record of Depositors as at 18 November 2021 shall be eligible to attend, speak and vote at the 5th AGM or appoint proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

In view that the 5th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the 5th AGM yourself, please do not submit any Proxy Form for the 5th AGM. You will not be allowed to participate in the 5th AGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 5th AGM whether in a hard copy form or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 22 November 2021 at 11.00 am:**

(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

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarized below:

PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to submit your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure	Action
i. Steps for individual shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please 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.

ADMINISTRATIVE GUIDE FOR THE 5TH ANNUAL GENERAL MEETING (cont'd)

<p>Proceed with submission of Proxy Form</p>	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user ID (i.e. email address) and password. • Select the corporate event: "CWG Holdings Berhad 5th AGM - 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(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.
<p>ii. Steps for corporation or institutional shareholders</p>	
<p>Register as a User with TIIH Online</p>	<ul style="list-style-type: none"> • Access TIIH Online at https://tiah.online. • Under the "e-Services", the authorized or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.)</i></p>

ADMINISTRATIVE GUIDE FOR THE 5TH ANNUAL GENERAL MEETING (cont'd)

<p>Proceed with submission of Proxy Form</p>	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: "CWG Holdings Berhad 5th AGM – Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate exercise name: CWG Holdings Berhad 5th AGM – Submission of Proxy Form". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for record.
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POLL VOTING

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. to conduct the poll voting electronically.

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from 11.00 am on **Wednesday, 24 November 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Please refer to the aforesaid Procedures for Remote Participation and Voting via RPV Facilities for guidance on how to vote remotely via TIIH Online.

Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than **Monday, 22 November 2021 at 11.00 am**. The Board will endeavor to answer the questions received at the AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 5th AGM.

NO DISTRIBUTION OF DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts for shareholders/proxies who join or participate in the virtual AGM.

ADMINISTRATIVE GUIDE FOR THE 5TH 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 _____ (Full name in block letters) NRIC/Passport/Company No. _____

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

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 5th Annual General Meeting ("AGM") of the Company to be conducted fully virtual through live streaming and online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia via its TIIH Online website at <https://tiih.online> on Wednesday, 24 November 2021 at 11.00 am and at any adjournment thereof:-

Resolutions		For	Against
1	Re-election of Dato' Mohd. Junid Bin Mohd. Noor @ Md Noor		
2	Re-election of Tan Hing Ming @ Chin Hing Ming		
3	Approval of payment of Directors' fees and benefits for the period from this AGM to the next AGM		
4	Re-appointment of Messrs. BDO PLT as Auditors of the Company		
5	Authority to Issue Shares		
6	Proposed Renewal of Share Buy-Back Authority		
7	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 _____, 2021

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 submitted to the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Please refer to the Administrative Guide on the procedure of electronic submission of proxy form via TIIH Online.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 November 2021 (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.

FOLD THIS FLAP FOR SEALING


FOLD HERE

STAMP

CWG HOLDINGS BERHAD

201601035444 (1206385-W)

The Company Secretaries
6428, Lorong Mak Mandin Tiga
Mak Mandin Industrial Estate
13400 Butterworth, Penang



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